



# Annual Report [2011-12]

Department of Parliamentary Services  
Parliament of Victoria



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## Department of Parliamentary Services

The Hon. Bruce Atkinson, MLC  
President  
Legislative Council  
Parliament House  
Melbourne VIC 3002

The Hon. Ken Smith, MLA  
Speaker  
Legislative Assembly  
Parliament House  
Melbourne VIC 3002

Dear President and Speaker,

I have pleasure in forwarding to you my report on the operations of the Department of Parliamentary Services for the year ended June 2012.

Yours sincerely,



Peter Lochert  
Secretary  
Department of Parliamentary Services



## Department of Parliamentary Services Annual Report [2011-12]

Tabled in the Legislative Council and Legislative Assembly on 12 September 2012

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Enquires should be directed to the Department of Parliamentary Services.

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# Secretary's Foreword

I am pleased to present my report on the operations of the Department of Parliamentary Services for 2011-12.

During this period, the department continued to provide the wide range of services that underpin the operations of the Parliament of Victoria, parliamentary committees and parliamentary departments. Many of these services are provided in a routine, often unnoticed, manner, yet are essential to the effective functioning of the Parliament and the ability of Members of Parliament to discharge their duties.

Challenged by resource constraints, the escalating cost of operations, and increased complexity in the regulatory and compliance environment, DPS has successfully delivered on all its operating and service delivery targets. A range of projects, aimed at improving infrastructure and service delivery were also successfully completed.

The information technology and communications infrastructure servicing 128 electorate offices and the parliamentary precinct was significantly improved with major upgrades to the network, introduction of IP telephony and desktop hardware refreshes in electorate offices. Desktop upgrades in electorate offices also included migration to the Windows 7 and Office 2010 environment. This major undertaking could not have succeeded without the cooperation and hard work of many electorate officers and MP's who worked with DPS staff to ensure the transition was successful.

Building works aimed at improving the poor condition of Parliament House continue to be a major focus of the department's activity. Stage 5 of the stonework, covering a portion of the east façade and library roof area, was completed and much of the scaffolding that covered this area for the last few years has been dismantled. Stage 6.2, addressing waterproofing of Queen's Hall, has commenced and is scheduled for completion by December 2012. Engineering works, scoping and tender documentation for the waterproofing of the front steps was also completed; as has the tender documentation for stage 6.1 addressing the north/east corner of the building. These works are scheduled to commence during the 2012-13 financial year.

A detailed 5 year works program, addressing the most urgent OH&S, disability access and operational shortcomings identified in the Parliamentary Precinct Program has been developed. At the time of writing,

Parliament's ability to address the building condition has been given a major boost with the Treasurer's approval for depreciation funds to address these urgent capital works.

A major step forward in managing Parliament House OH&S risks has been taken with

the completed upgrade of the fire detection system and ongoing replacement of obsolete electrical switchboards and wiring.

Corporate governance and the pursuit of excellence in service delivery has also been strengthened with the introduction of a four year, rolling business and operating plan for the department. The business plan articulates the department's contribution to the achievement of Parliament's strategic objectives. A major focus is the continuous improvement in service delivery, with service reviews of all operating areas scheduled over the period of the plan. The first service review, of the Catering Unit, has been completed and its recommendations are being implemented following approval by the Presiding Officers. The catering service review provides a template for reviews in Information Technology; Parliamentary Library and other operating units over the 2012-13 financial year.

None of this would be achievable without the dedication, hard work and commitment of the capable DPS staff; and the cooperative relationship with the Presiding Officers, MP's, electorate officers and House department staff. Developing and maintaining those capabilities and cooperative relationships will continue to be a principal objective of the department.



A handwritten signature in black ink, appearing to read 'Peter Lochert'. The signature is fluid and cursive, written over a white background.

**Peter Lochert**

Secretary

Department of Parliamentary Services

# Directors' Overview

## **Bronwen Edwards - Resource Management**

As Director of Resource Management, I have enjoyed the challenges of the year, working with the dedicated staff that I am responsible for in Organisation Development, Accounting and Administration and Budgets and Risks, as well as working with my colleagues in the Senior Management Group.

This year has seen change on a number of fronts and my team has demonstrated its ongoing commitment to providing the best services it can to Members and staff. Apart from delivering core services such as ensuring our people get paid accurately and on time, coordinating the re-evaluation of our major asset, Parliament House, offering a range of corporate training and development opportunities and providing support with recruitment across the parliamentary departments, a wellness program was delivered, thousands of accounts were paid that were generated across the electorate offices and organisation and last but not least, support and advice on budget management and reporting was provided. We have also assisted in the review of the catering function, implemented the Risk Management Framework and are in the process of coordinating negotiations for the next Parliamentary Officers Enterprise Agreement. The coming year will be equally challenging as we address and implement budget cuts and finalise two enterprise agreements; one for parliamentary officers and one for electorate officers.

## **Joanne Truman - Information Services**

The 2011-12 financial year has seen another busy and successful year for the Information Services directorate. Significant achievements included the completion of the parliamentary broadcast project which has seen the introduction of broadcasting of the proceedings of Parliament and Parliamentary Committees across the internet making the proceedings of Parliament more accessible to the community, and the restoration and conservation work undertaken on the library reading table, carved in 1862. A highlight of the year was the 2011 State Schools Constitutional Convention hosted by the Parliament, which provided an opportunity for student delegates from across Victoria to participate in a hands-on program at the Parliament.

Along with the day-to day service delivery, the IT unit upgraded electorate office computers, printers and network infrastructure across the state. The Library continues to provide quality information services to Members and staff, and to the broader community through, amongst other key services, maintaining the



Parliament's web site.

Planned service reviews of all business units over the coming year will focus on ensuring the services provided continue to meet the needs of customers into the future, and to ensure high quality service delivery in the context of constrained resources.

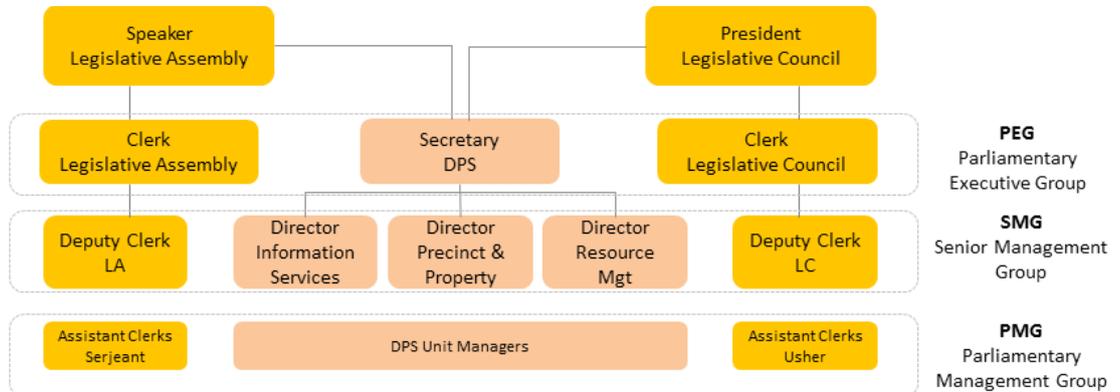
## **Hilton Barr - Precinct & Property Management**

The 2011-12 financial year has been both challenging and rewarding for the Precinct & Property Management directorate. In striving to optimise core business processes and resources, the department has recently overseen a review of catering services offered within the parliamentary precinct. Analyses undertaken as part of this process revealed several opportunities for the catering unit to grow and excel in its service delivery as we move into 2012-13.

Benefits of a new reporting mechanism, the quarterly executive briefings (QEB), manifested themselves in a more collaborative organisational culture across the department. In this forum, the executive group and managers have tackled such issues as budgetary management, staffing, forward planning and general sharing of ideas.

During 2011-12, the team has spent considerable time and effort planning and starting to implement the Parliamentary Precinct Program (PPP). Known, during its planning earlier in the year, as the 'Fix Parliament House' program, the primary objective of the PPP is to do precisely that. The program will holistically address both the conservation of Parliament House's building fabric and the tangible ramifications of parliamentary functions in its heritage environs. Starting mid 2011-12, early stages of program implementation included preparations to enable decanting of office and storage spaces during works planned to waterproof spaces beneath the front steps of Parliament House.

# Parliament of Victoria Governance Structure



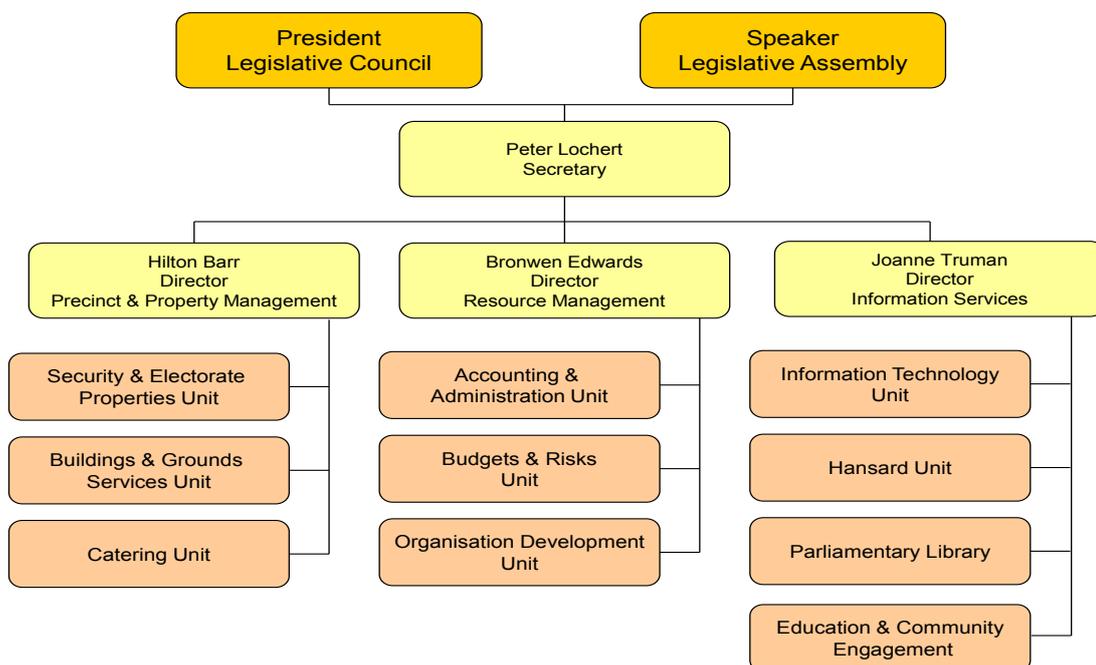
## Department of Parliamentary Services

The Department of Parliamentary Services (DPS), created under the provisions of the Parliamentary Administration Act 2005, is responsible for the provision of infrastructure, resources and support services to Members of Parliament and parliamentary departments.

The Department of Parliamentary Services provides: human resources management, payroll services, IT infrastructure, electorate offices, security, management of Parliament's heritage building, contracts, information

systems, Hansard services, library and research services, motor vehicles, catering, grounds and gardens, training, staffing and welfare support services, financial management and risk management services.

DPS operates as a service provider to, and in close cooperation with, the departments of the Legislative Assembly and the Legislative Council through the operations of the Parliamentary Executive Group (PEG), the Senior Management Group (SMG) and the Parliamentary Management Group (PMG).



# Our Mission

*“To deliver apolitical, professional and innovative service and advice to Members of the Victorian Parliament and to support the Parliament as an institution.”*

## Corporate Governance

### STATEMENT OF CORPORATE INTENT

The Parliament of Victoria, through its elected representatives, is accountable to the Victorian community for the provision and conduct of representative government in the interests of Victorians.

The departments of the Parliament deliver support to their elected representatives and the institution of Parliament through operational business plans which are underpinned by the following values:

- Effective corporate governance  
*Accountability, impartiality, integrity, learning, environment*
- Excellent service delivery and responsiveness  
*Responsiveness, teamwork, performance management, effective systems and techniques*
- Sustainability with a focus on the medium to long-term view  
*Long-term planning, excellent communication, developing our people, safeguarding our physical infrastructure*

### AUDIT COMMITTEE

As an advisory committee appointed by the Presiding Officers, the Audit Committee's role is to assist the Presiding Officers in the discharge of their duties with respect to financial compliance and risk management.

This includes the oversight of internal and external audit functions, corporate governance, monitoring and identification of risk, and the tabling of annual financial statements on behalf of the Parliament. The Secretary, DPS and his office service the Audit Committee and provide the essential information in support of its functions.

### PARLIAMENTARY VALUES

The *Parliamentary Administration Act 2005* also defines the values that should be demonstrated by parliamentary officers, being:

- impartiality
- responsiveness
- respect
- accountability
- integrity, and
- leadership

### MAJOR ACTS

The Department of Parliamentary Services is involved in the administration of certain provisions of a number of Acts, including:

- *Parliamentary Administration Act 2005*
- *Parliamentary Salaries and Superannuation Act 1969*
- *Heritage Act 1995*
- *Constitution Act 1975*



impartiality responsiveness respect accountability integrity leadership

# Parliament Precinct Program

Sitting atop the intersection of Spring and Bourke Streets, Parliament House is a significant landmark and heritage asset to Victorians and the nation as a whole. Built in stages from 1856, the building is increasingly exhibiting the physical effects of age, environment and changing technological, service and workplace requirements.

The Department of Parliamentary Services manages the buildings and grounds of the parliamentary precinct, including Parliament House, its ancillary structures and heritage listed gardens. Working in collaboration with House department sponsors and staff, over the past six years the department has made a concerted effort to address both the fabric and functional needs of the precinct through the Heritage Asset Management Strategy (HAMS 2006) and the Parliamentary Precinct Master Plan (PPMP 2009). These two strategies were combined in 2011-12 to address fabric and function in a single, focused program of works over a twenty year period, the Parliament Precinct Program (PPP).

The objectives of the PPP are to:

- Improve the continuity, reliability and functionality of Parliament House;
- Increase its compliance with Occupational Health and Safety, the Disability Discrimination Act and building code regulations; and
- Preserve the iconic building and its heritage significance whilst retaining its integral function.

During 2011-12, the department has continued to address these objectives through: stone restoration works to the Parliament House façade; transformation of disused storage areas on the third floor of Parliament House to accommodate Members needing to be relocated from offices beneath the front steps during works planned for 2012-13; and numerous other upgrade projects to services throughout the precinct.

Highlights of the program in 2011-12 have included the completion of restoration works to the Library wing façade, planning and commencement of restoration works to the east and around the perimeter of Queen's Hall, and the development of a methodology for waterproofing of the front steps of Parliament House. The latter is yet to be executed, but required considerable investigatory work and planning over the past year and a half and is scheduled to start in late 2012. The lack of waterproof substrate and gradual deterioration of caulking between the front steps has led to many years of water penetration to spaces within the basement and ground floor of Parliament House. These and other conditions assessed or rectified in 2011-12 are pictured.



The original balustrades located on outside ledges of Queen's Hall highlight the potential problems of oxidised fixings spalling the existing bluestone stone structure. At all fixing locations of the balustrade the stone is severely cracked and large portions of the stone are missing at some fixing points.



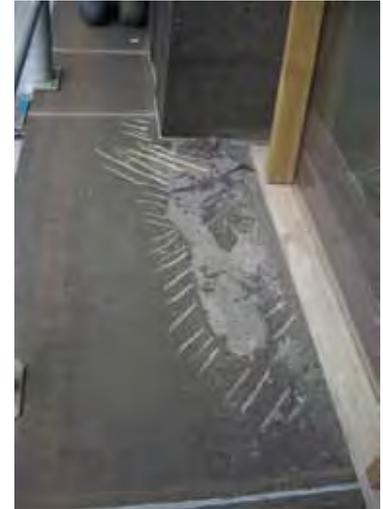
Balcony joints display signs of weakening through cracks and deterioration which is evident around existing dovetail connections. The integrity of the stone at these fixing locations is compromised and the balustrade structurally unsound.



The refreshment wing balconies show a significant level of deterioration. Severe spalling of top rails is evident where pieces of previous repairs and existing stone have fallen away.



The cornice joints above Queen's Hall have deteriorated and pointing has failed. This allows moisture in to the underside of the cornice.



The bluestone blocks of the south wall ledge of Queen's Hall are delaminating. Water pools here and can penetrate the stone over prolonged periods, making the condition worse.



Stone restoration addresses the decay of features such as mutules and soffit carvings. The underside of these is deteriorating to the extent that a number of elements have fallen off when examined.



The view between bluestone steps and buttness, uncovered during December 2011, reveals the existing conditions of the front steps of Parliament House.



Water has penetrated the space below the front steps of Parliament House, causing extensive damage to the building interior, including Members' accommodation and storage areas.



Above and below: Cracks, crumbling and deterioration to existing stone and previous repairs in library wing columns led to this stone falling away during restoration works.



Evidence of historic and ongoing water damage to the lathe and plaster ceilings of spaces converted to Members' offices in 2011-12. These had been sheeted over with horse hair plasterboard.



# Organisation Development

The Organisation Development (OD) Unit delivers services including employee relations, recruitment, payroll, occupational health & safety (OH&S) and learning and development to a diverse client group encompassing the three parliamentary departments, Members of Parliament and electorate officers.

OD provides advice related to conditions of employment and remuneration including the administration and processing of pay and allowances for staff and Members of Parliament. It co-ordinates the development of enterprise agreements, negotiations with authorised bargaining representatives, information for staff and representation before Fair Work Australia. OD also provides advice and support on OH&S, return to work and employee welfare.

The unit administers and supports recruitment for the Parliament, and develops and reviews human resource and OH&S policies to reflect both legislative requirements and industry best practice. The unit also co-ordinates Parliament's Orientation, induction, corporate training and annual training calendar.

## Achievements

OD has supported ongoing negotiations for the next parliamentary officer EBA and preparatory work for the next electorate officer EBA. The unit has provided support and advice to assist change management processes undertaken in each department.

The learning and development coordinator has increased the recognition of internal skills through facilitating forums to disseminate specialist knowledge and direct delivery of training programs using the upgraded training room. This has led to increased flexibility in program delivery and substantially reduced training costs.

The unit has introduced an online OH&S incident database that has improved the information recorded and the resolution of OH&S incidents. Preventative programs including worker health checks, corporate health programs, manual handling and early return to work programs have resulted in WorkCover performance better than the industry rate.

The payroll system has been upgraded to Empower version 10 and a greater integrated activity with business units has achieved efficiencies across all departments. Longer term human resource information system capability has been assessed and greater utilisation of Employee Self Service and learning and development modules has been implemented.



## Challenges

The OD Unit will work in support of finalising the parliamentary officer and electorate officer EBA'S and implement the resulting changes.

The unit will also support strategic and business changes across the Departments.

Empower 11 will be evaluated and implemented to offer further payroll improvements. More effective training in a resource constrained environment will be a learning & development priority. OH&S policies and systems will be reviewed to reduce injuries and sustain improved WorkCover performance.

### QUICK FACT

*During 2011-2012 the payroll team processed over 23,000 transactions to produce the pay for Members, parliamentary officers, electorate officers and the Victorian Ombudsman.*

*Access to Employee Self Service was extended to Members and electorate officers to view their own pay information and to apply for and approve leave electronically.*

# Accounting and Administration

The Accounting and Administration Unit is responsible for the management and integrity of data and operations of the financial management system of the Parliament. The unit prepares monthly financial reports for the parliamentary departments and Members of Parliament, implements budgetary decisions, monitors actual financial outcomes and provides regular reports to the Department of Treasury and Finance.

The unit prepares the annual financial statements for the Parliament along with processing and submitting Fringe Benefits Tax and monthly Goods and Services Tax returns to the Australian Taxation Office (ATO).

The Accounting and Administration team processes all payments for supplies and services and works and ensures that all financial transactions comply with relevant accounting standards, financial and taxation legislation and regulatory frameworks.

The unit provides information to Members of Parliament, sets up their accounts and processes approved expenditure related to their allocated budgets and allowances. Other tasks include recording and monitoring cash flow, providing advice to stakeholders on financial and related issues, implementation of changes in accounting standards and accounting policy, maintaining records of capital assets, calculating depreciation and coordinating revaluations of the Parliament's assets.

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## Achievements

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The unit met 100% of its reporting and compliance deadlines. These included the monthly management reports to internal departments, preparation of the annual financial statements, audits by the office of the Auditor-General and all taxation reporting to the ATO.

In accordance with financial reporting requirements, valuations of the Parliament House land, building, library collection and heritage assets were successfully conducted and results are included in this year's annual report.

In line with the unit's objective to raise compliance with financial policies and procedures, training programs were formulated and delivered to all staff having financial delegations and those involved with financial processes. The training was well received and future training programs (including online training) are being planned for roll out to a larger audience.



The Parliament provides both budgetary and financial data for consolidation into the state's financial statements. During the year the Department of Treasury and Finance implemented the new State Resource Information Management System (SRIMS) to replace the old Budget Management System (BMS). The unit successfully made necessary changes to processes and procedures and achieved all its reporting deadlines via SRIMS in spite of various issues faced during the transition.

Various efficiencies introduced during the year, including a database of signatories, allowed us to process higher volumes of transactions in a timely manner while dealing with an increasingly complex regulatory environment. During the year we also implemented the change over of credit card providers including the preparation of an instruction manual and the running of training sessions for cardholders on the new reporting system.

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## Challenges

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The transfer of hard copy records to electronic records, including the design and development of on-line forms to further automate processes and reduce administrative overheads.

### QUICK FACT

*The unit processed 200,000 transaction lines into the financial system during the year.*

# Budgets and Risks

The Budgets and Risks Unit plays a critical role in the effective and efficient management of the budgetary process for the Parliament of Victoria. Through coordination of budget related information and regular expense reviews with cost centre managers, the unit fosters informed management decision making processes within the Parliament.

Budgets and Risks provides budget management and advisory services including development of Budget & Expenditure Review Committee (BERC) submissions, Public Accounts & Estimates Committee (PAEC) coordination, multiyear asset strategy, quarterly capital reporting and provision of information for Budget Paper No's 3, 4 and 5 published by the Department of Treasury and Finance.

In addition, the unit delivers services to Members of Parliament through the annual allocation of budgets, monthly reviews of Members' budgets, monitoring and reporting of budget variances and relevant financial and policy process implementation and improvements.

## Achievements

The unit also conducts the Client Satisfaction Survey on behalf of the three departments of the Parliament. The survey enables Members of Parliament and their electorate office staff to comment on service delivery by the three parliamentary departments, and quantification of data for output performance measures for the Budget Paper No 3.

The unit manages risk for Parliament and keeps its insurance updated. It implements the Members of Parliament Motor Vehicle Policy, and manages outsourced fleet management services and telecommunication payments.



The unit implemented the Parliament's Risk Management Framework which resulted in the identification of strategic risks across the Parliament and the introduction of a strategic risk register. The software tool was purpose designed, tested and implemented as a component of this project.

Other achievements in 2011-12 include -

- Identified and analysed cost pressures and applied for funding to Department of Treasury and Finance as required.
- Provided timely and accurate information to senior executives and the Presiding Officers to respond to issues raised by PAEC, and successfully coordinated BERC bids.
- Provided advice to Members in relation to the use of their electorate office and communication budgets in accordance with the Members' Guide

## Challenges

Ongoing significant reduction in Parliament's budget, along with increasing cost pressures, will continue to be a major challenge for Parliament and the unit. The unit will support the Parliamentary Executive Group in monitoring cost pressures and assist with the development and implementation of strategies to manage financial resources with the aim to minimise negative impacts on service provision.

Another challenge for the unit is the implementation of a new telephony bill reporting system resulting from the old system becoming obsolete, reducing administration overheads and reporting timeframes.

### QUICK FACT

*In 2011-2012 the unit conducted 2 quarterly, 3 monthly and 4 fortnightly reviews of budgets for 14 cost centres of DPS, LA, LC and Committees; 23 capital projects; and monitored and reported on 131 Members' and party administration and support budgets.*

# Catering

The Catering Unit provides in-house food and beverage dining and function facilities for Members, their guests, parliamentary staff and, increasingly, corporate bodies and community groups. The catering team brings together a group of expert administrators and event planners, pairing them with a team of chefs, qualified baristas and kitchen and wait staff.

There is a selection of fully catered venues within Parliament House including the Members' dining room, Strangers Corridor, Sessions cafe, the side dining room and a selection of other venues suitable for various functions and events, notably Queen's Hall and the wonderful parliamentary gardens.

All produce where possible is sourced from the finest providores and producers Victoria has to offer, and is prepared in the Parliament's three kitchens. The wine list is sourced exclusively from Victoria. Menus range from a la carte dining to cafe options, light meals and formal dinners.

## Achievements

The unit provided both venue and catering services for many important functions throughout the year. These functions included community award ceremonies, diplomatic functions, weddings, fundraising events for various community groups, events hosted by the Department of Premier and Cabinet, and events hosted by Members of Parliament.

A review of services delivered by the unit was conducted and a range of recommendations for service improvement was presented to the Presiding Officers. These have been accepted and are in the process of being implemented.

## Challenges

During the next 12 months the focus for the catering team will be continuing to find ways to improve the standards of service and menu quality while maintaining Parliament's unique rich history.

Plans include developing new and innovative menus, improving the quality of meals and service offered by the Members' dining room and Sessions cafe and increasing the seasonal variations in menu planning.

The unit will also explore new avenues for marketing and promotion to corporate bodies, and develop a comprehensive marketing plan supplemented by a public relations strategy. This will include participating in industry events designed to showcase our catering services and venues to an audience of corporate and event planners.

### QUICK FACT

*Over 3,000 scones were baked in 2011-12, using 50kg of strawberry jam and 100 litres of whipped cream.*



# Security & Electorate Properties

The Security and Electorate Properties Unit provides support services to Members of Parliament and their staff in relation to property management and administration of electorate office properties and security at electorate offices and on the parliamentary precinct (excluding the Legislative Assembly & Legislative Council Chambers). The unit provides authoritative advice to Members and staff regarding the interpretation of guidelines and procedures relating to their electorate offices and on security matters.

Recently our focus has been on reviewing our internal processes, procedures, policies and practices within the framework of the DPS Client Service Principles and DPS Business and Operational Plan. This has seen us achieve productivity and efficiency savings in several areas.

The unit's property responsibilities include the sourcing of new offices, management of existing properties, lease administration and negotiation. The unit coordinates structural assessments, along with office fit-outs and refurbishments and the provision and replacement of Parliament supplied furniture and equipment. It also maintains the security equipment, peripherals and security monitoring.

## Achievements

Our regular reviews of key leasing documents has helped us achieve significant improvements in areas of compliance at electorate offices.

As a result of discussions in 2005 with the Victorian Equal Opportunity and Human Rights Commission of Victoria an undertaking was made to support the legislation with respect to the Disability Discrimination Act in our electorate offices.

Since then, we have worked to achieve full compliance to the entry of all offices and this year can report that we are now compliant in 67% of offices state wide. This will continue to be one of our challenges.

In its security role the unit is responsible for managing security service level agreements, issue of security passes and vehicle permits, management of security infrastructure projects and the development of security policies and procedures. The unit maintains a central repository of security incidents at the parliamentary precinct and at electorate offices and regularly liaises with Victoria Police on all matters requiring police attention.

In August 2011 the last of the analogue CCTV cameras on the parliamentary precinct was upgraded to digital technology (IP cameras), yielding superior image quality and a significant improvement in the reliability and stability of the CCTV platform. Four additional cameras were installed to provide coverage in areas not previously covered.

## Challenges

The challenges for security are achieving a consensus on the future direction and strategy of security initiatives, striking a balance between the public and private space at Parliament House, and the ongoing development of procedures around physical security issues.

### QUICK FACT

*On average, security across the parliamentary precinct processes approximately 8,208 visitors per month.*

*More than 800 items were seized or confiscated from visitors to Parliament House.*



# Buildings & Grounds Services

The Buildings and Grounds Services Unit supports facilities management of the parliamentary precinct through provision of building maintenance, project management and horticultural services. In 2011-12, this function was enhanced by a review of the unit structure and the addition of trade assistant and dedicated administrative and project coordination roles.

## Achievements

The team has successfully undertaken several projects within the last 12 months, including an upgrade of the Parliament's fire detection system. This involved expansion of coverage and installation of a graphics terminal to remotely monitor all events on the network and emergency warning and intercommunication system.

The Legislative Council chamber lighting scheme was upgraded during July-August 2011 to provide sufficient light to broadcast parliamentary proceedings, improve maintenance regimes and satisfy OHS requirements.

Restoration of the stone façade of Parliament House continued in the vicinity of the library and gradually progressed towards the west end of Queen's Hall. During the execution of these works, the Unit also oversaw the preparation of documentation for the next two stages of the program, the first of which commenced around Queen's Hall at the end of the financial year.

Accommodation for Members of Parliament was also increased in 2011-12 with the conversion of storage space on the third floor into eight offices and the addition of one new office in a redundant circulation space on the ground floor of Parliament House.

In order to preserve the Federal Oak, the horticultural team presented a seedling to the Parkes Shire Council at the Henry Parks visitor centre (NSW). This significant tree, planted in the parliamentary gardens by Sir Henry Parkes in 1890, has reached middle age and will eventually require replacement.

## Challenges

Challenges facing Buildings and Grounds Services in 2012-13 include maintaining high customer focus and service delivery standards within the increased project demands of the Parliamentary Precinct Program (PPP), and delivery of a broad range of maintenance requests.

### QUICK FACT

*674 smoke detectors were replaced throughout Parliament House and its ancillary buildings during 2011-12 works to upgrade the fire detection system.*



# Library

The Parliamentary Library provides timely, accurate and confidential information to clients through its reference and research services. Major publications containing original research are developed by the research service to support the activities of the legislature, including papers on upcoming bills, statistical surveys and briefing papers.

The Library meets the needs of Members to stay up to date with current information by tailoring a range of media monitoring services and providing an expanding collection of digital and print resources.

It also provides assistance to Members and staff to develop the knowledge and skills required to access, evaluate and use information effectively through its client support programs. Individual and group orientation and training sessions are conducted at Parliament House and in electorate offices throughout the state.

The Library assists with the organisation of Parliament's publications and data through the management of the intranet, which is a source of corporate and general information for staff and clients. The intranet is accessible from electorate offices around Victoria and within the parliamentary precinct.

The Library also plays a pivotal role in the development and maintenance of the Parliament's public website, engaging with the broader community through the provision of access to key information on all aspects of the parliamentary system.

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## Achievements

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The central reading table in the Library has undergone conservation work, through a joint project managed by the Library and Buildings and Grounds Services. Designed specifically for the Parliamentary Library by architect Peter Kerr (1820–1912), the ten-sided central reading table is made from cedar and Victorian blackwood from the Dandenong Ranges, and was carved in 1862. The restoration and conservation work uncovered the beautiful leather and gold leaf finish that had been long-hidden by layers of lacquer.

Artist Juan Ford, was commissioned to paint a portrait of the Hon. John Mansfield Brumby (Victorian Premier, 30 July 2007–2 December 2010) to hang in Queen's Hall along with the portraits of other past Premiers. The portrait, which was



completed in April this year, is on display following a launch on Wednesday 25 August 2012.

The Library has also coordinated the cleaning and restoration of Premiers' portraits throughout the year in order to ensure that they are maintained and conserved appropriately.

A change to a new electronic print media service provider in June 2011 meant improved access to regional and rural press as well as major interstate newspapers, along with the major metropolitan and national newspapers. Training was provided by the Library's client support team for staff and members to assist with the transition.

Results from the annual online survey of Members and staff indicated that 99% of respondents were satisfied with the quality of information provided by Library reference desk staff. This is an improvement of 2% over the previous year.

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## Challenges

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The Library will be undertaking a service review in order to ensure that its service provision is in line with current and future needs of its key stakeholders.

### QUICK FACT

*The Library intranet had 328,125 pageviews this year.*

# Hansard

Hansard's primary role is to accurately and promptly report the proceedings of the Parliament, the parliamentary committees and other forums in accordance with Victorian Hansard's editorial policy.

Hansard produces and publishes Daily Hansard electronically. Weekly Hansard, which includes answers to questions on notice, is published in both electronic and paper formats. Sessional volumes are also produced as enduring records and references.

Hansard produces sessional indexes for distribution and inclusion in the sessional volumes.

Hansard's reporting responsibilities include the broadcasts of parliamentary proceedings live via the internet. The broadcast and audio visual team manage a sophisticated infrastructure which includes over 120 automated microphones, six audio recording servers, sixteen high definition cameras and three broadcast control rooms.

The coverage is provided live to news media teams through a dedicated media room and a feed to their broadcast vans, and via the internet to the broader community. Hansard provides sound amplification for the two parliamentary chambers and audio visual support throughout Parliament.

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## Achievements

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The parliamentary broadcast project was finalised with the completion of two committee rooms at 55 St Andrews Place and the live broadcast of the Public Account and Estimates Committee for two weeks from the Legislative Council Committee Room in May.

Hansard's publishing system was redeveloped to coincide with the rolling out of new computers featuring the Windows 7 operating system and Office 2010. This programming work was done in-house by the Hansard publishing and IT team.

During the year, Hansard staff supported Parliament's education and community engagement role by producing transcripts for the 25th Youth Parliament and the Victorian State Schools' Constitutional Convention.



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## Challenges

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With the successful conclusion of the parliamentary broadcast project, Hansard will look to address the growing popularity and demand that the live web streaming service provides Members and the community. Further developments aimed at providing appropriate storage and distribution facilities to enhance the experience of viewing the proceedings of the Victorian Parliament will be investigated.

Meeting the increased demand for Hansard services that the advent of new committees will generate is high on Hansard's priority list. Reviewing operational practices and resource allocation to ensure continued high level, quality service delivery to Parliament is of paramount importance.

### QUICK FACT

*Evidence of more than 1716 committee witnesses reported during 592 hours of committee hearings serviced resulted in the production of 6691 pages of committee transcripts.*

# Information Technology

The Information Technology (IT) Unit specialises in providing innovative and timely technology and communication solutions to a dispersed and locally existing customer base including Members, electorate offices and parliamentary staff. The unit is responsible for and manages the procurement, installation, and implementation of all technology solutions. The communication network which includes the Wide Area Network, connecting all 128 electorate offices, Parliament House and 55 St Andrews Place is also the responsibility of the IT unit.

## Achievements

The IT Unit undertook an upgrade of desktop computers and software, installing over 720 new PCs across the parliamentary precinct and electorate offices. This project has been run in concert with a network switch upgrade, improving response times across Parliament's network. Along with these changes, electorate offices state-wide have been furnished with new HP printers.

The unit conducted a major infrastructure upgrade at all 128 electorate offices. An aging server and network fleet was replaced with a new, more reliable platform. This new system has increased network performance and streamlined the management and maintenance of electorate office systems.

The project also delivered Voice Over Internet Protocol (VOIP) phones to electorate offices, unifying the Parliament's

telephony system. The VOIP system improves voice quality, delivers cost savings, increases functionality (including the introduction of video calls) and is fully integrated with Lotus Notes.

The IT team has made continual improvements to the virtual server environment, and worked with other business units to upgrade and virtualise their systems. These changes have not only delivered positive outcomes for the organisation; the ongoing emphasis on virtualisation has reduced our carbon footprint.

## Challenges

The pace of and demand for new technology presents constant challenges in terms of securing data across mobile devices like smart phones and tablets. Related to this is the need to increase storage capacity, and to keep abreast and take advantage of developments in Cloud computing. The unit is committed to implementing sustainable business practices that reduce our environmental impact.

### QUICK FACT

*An average of 1200 phone calls and 300 email requests per month are made to IT Services, and an average of 45,000 emails are processed monthly by Parliament's email servers.*



# Education & Community Engagement

The Education and Community Engagement Unit develops and implements programs that link Parliament with the community and help to establish its place in school curricula and adult education. These programs comprise professional development for teachers and student teachers in all education sectors, specific programs for students, and print and audio-visual resources produced for specific audiences and the community as a whole.

## Achievements

A revised version of the DVD *Making the Law* was completed in 2012 and distributed to all secondary schools, tertiary institutions and public libraries. This DVD has been updated to reflect the 57th Parliament, and is designed to meet the requirements of VCE Legal Studies Unit 3 Making and Changing the Law. It traces a bill's path from its inception through both houses of Parliament through to Royal Assent.

The 32 page booklet *Inside the Parliament of Victoria* has also been updated to reflect the 57th Parliament.

A professional development course for teachers was run at Parliament House in conjunction with other members of the Civics and Citizenship Network, including the Law Institute of Victoria, the Victorian Electoral Commission, Social Education Victoria, the Department of Education and

Early Childhood Development, the Old Treasury and the Big Issue. This day was very well attended, and provided a great opportunity for civics and citizenship teachers to learn more about the resources and programs that are available to them.

The unit will continue to update all print and AV resources.

## Challenges

Parliament has made significant inroads into the adult ESL and adult literacy and numeracy sectors with the provision of specific resources for classroom use. Modules complying with VCAA criteria are being developed for downloading from the Parliament's website.

### QUICK FACT

*Parliament hosted the 2011 State Schools Constitutional Convention where around 100 student delegates from across Victoria debated ten issues around the topic of 'Shaping Australia's energy future in a global context'.*

*The delegates voted that climate change and the carbon tax are the two most pressing issues confronting Australia in the energy domain.*



# Our People

## DPS Executive

Lochert, Peter	<i>Secretary</i>
Fowler, Rebecca	<i>Executive Assistant</i>

## Directors - DPS

Barr, Hilton	<i>Director, Precinct &amp; Property Management</i>
Edwards, Bronwen	<i>Director, Resource Management</i>
Truman, Joanne	<i>Director, Information Services</i>

## Precinct and Property Management

Andrews, Stephen	<i>Team Leader Building Services</i>
Bourke, Brian	<i>Maintenance Manager</i>
Chan, Leslie	<i>Sous Chef</i>
Clarke, Joanna	<i>Electorate Properties Officer</i>
Collins, Steven	<i>Trade Assistant</i>
De Graaf, Robert	<i>Electrician - A Grade</i>
Fothergill, John	<i>Manager, Buildings &amp; Grounds Services</i>
Fotheringham, Nicole	<i>Team Leader, Security &amp; Electorate Properties</i>
Gatewood, Rachel	<i>Senior Projects Officer</i>
Greene, Lynette	<i>Electorate Properties Officer</i>
Haddow, Linda	<i>Horticulturist</i>
Hatziladas, Helen	<i>Electorate Properties Officer</i>
Hurle, John	<i>Senior Horticulturist - Turf</i>
Kelly, Glenn	<i>Electrician - A Grade</i>
King, Susan	<i>Security Co-Ordinator</i>
Lightfoot, Russell	<i>Security Liaison Officer</i>
Matthews, Samantha	<i>Manager, Security and Electorate Properties</i>
McGraw, Stephanie	<i>Administrative Officer</i>
O'Neill, Brian	<i>Electorate Properties Officer</i>
Ponting, Alan	<i>Team Leader Grounds &amp; Gardens</i>
Quirk, Toni	<i>Security Administration Officer</i>
Robertson, Rachel	<i>Horticulturist</i>
Rogers, Robyn	<i>Catering Office Manager</i>
Shields, Marion	<i>Electorate Properties Officer</i>
Tremoulas, John	<i>Electrician</i>
Vranes, Paul	<i>Carpenter &amp; Maintenance Officer</i>

## Resource Management

Andritsos, Voula	<i>Learning and Development Coordinator</i>
Barresi, Fran	<i>Senior OD Officer (HR &amp; Policy)</i>
Cull, Barry	<i>Senior OD Officer (Payroll &amp; Systems)</i>
D'Souza, Richard	<i>Senior Accounts Officer</i>
Duggan, Corinne	<i>Organisation Development Officer - Payroll</i>
Geronimo, Roberto	<i>Accounts Payable Officer</i>
Gill, Sangeeta	<i>Organisation Development Officer (Casual)</i>
Jordan, Richard	<i>Manager, Organisation Development</i>
Kandola, Harpreet	<i>Budget Analyst</i>
Mascarenhas, John	<i>Manager, Accounting &amp; Administration</i>
Mather, Phyllis	<i>Senior Accounts Officer - Accounts Payable</i>
McCutcheon, Rachelle	<i>Organisation Development Officer</i>
Prasad, Viv	<i>Budgets Officer</i>
Prelec, George	<i>Accounts Payable Officer</i>
Ridge, Allison	<i>Organisation Development Officer - Payroll</i>
Saxena, Charu	<i>Manager, Budgets &amp; Risks</i>
Simpson, Natalie	<i>Organisation Development Officer - Payroll</i>
Summerill, Chris	<i>Financial Accountant</i>
Tjan, Evelyn	<i>Accounts Payable Officer</i>
Trigg, Alexandra	<i>Organisation Development Officer</i>
Whitmore, David	<i>Organisation Development Officer - HR Systems Analyst</i>

## Information Services

Altair, Angelo	<i>Audiovisual Supervisor</i>
Altair, Patricia	<i>Sub Editor</i>
Anastasopoulos, Con	<i>Team Leader IT Services</i>
Aroozoo, Marianne	<i>Indexing Librarian</i>
Bainbridge, Joel	<i>Technical Officer - IT</i>
Beks, Sandra	<i>Serials Technician</i>
Bellamy, Edward	<i>Broadcast Officer</i>
Bertram, Gavin	<i>Reporter</i>
Bilic, Giuliana	<i>Sessional Monitor/Keyboarder</i>

Breukel, Jon	<i>Senior Reference Librarian</i>	Martyn, Jennifer	<i>Reporter</i>
Brown, Timothy	<i>Government Information Librarian</i>	McCarthy, Catherine	<i>Sessional Reporter</i>
Clements, Francesca	<i>Sessional Reporter</i>	McCarthy, Timothy	<i>Broadcast Media Officer</i>
Clifford, Philip	<i>Technical Services Librarian</i>	McFarlane, Eithne	<i>Sessional Reporter</i>
Corkhill, Anna	<i>Heritage Databases Officer</i>	McGlinchey, Stephanie	<i>Intranet Librarian</i>
Cousins, David	<i>Technical Officer - IT</i>	Menadue, Carolyn	<i>Sessional Reporter</i>
Delacorn, Adam	<i>Research Assistant</i>	Merner, Bronwen	<i>Research Officer</i>
Denton, Jenny	<i>Sessional Reporter</i>	Mills, Kevin	<i>Casual Sub Editor</i>
Dewar, Rachael	<i>Sessional Reporter</i>	Neish, Peter	<i>Systems Officer</i>
Donohue, Justine	<i>Sessional Reporter</i>	Nichols, Stephen	<i>Broadcast Officer</i>
Federico, Annie	<i>IT Planning &amp; Development Officer</i>	Nonneman, Jesse	<i>Sessional Monitor/Keyboarder</i>
Fewings, Timothy	<i>Broadcast Media Officer</i>	Novacco, Monique	<i>Broadcast Officer</i>
Galbally, Margaret	<i>Library Technician</i>	Nugent, John	<i>Editor</i>
Gallagher, Robin	<i>Intranet Librarian</i>	O'Connell, Emma	<i>Heritage Databases Officer</i>
Gardner, Julie	<i>E Services Senior Officer</i>	Pow, Ryan	<i>Broadcast Officer</i>
Greatorex, Mark	<i>Publishing &amp; CIT Business Support Officer</i>	Preston, Andrew	<i>Sessional Reporter</i>
Gregor, Alice	<i>Client Support Librarian</i>	Raciti, Joe	<i>Team Leader Planning &amp; Development</i>
Greig, Patricia	<i>Sub Editor</i>	Reeves, Debra	<i>Lending Services Librarian</i>
Hansen, Maria	<i>Senior Reporter</i>	Richardson, Kristin	<i>Research Assistant</i>
Harnath, Margaret	<i>Editor</i>	Rissotto, Daisy	<i>Print Media Assistant</i>
Harris, Linda	<i>Reporter</i>	Roberts, Karina	<i>Sessional Reporter</i>
Harris, Mark	<i>Broadcast Coordinator</i>	Robertson, Stephen	<i>IT Planning &amp; Development Officer</i>
Henson, Richard	<i>Library Technician</i>	Rosman, Stephen	<i>Web Development Officer</i>
Hurford, Emma	<i>Sessional Reporter</i>	Ross, Catriona	<i>Research Officer</i>
Kebbe, Sue	<i>Reporter</i>	Sablyak, Patricia	<i>Casual Sub Editor</i>
Kennedy, Liza	<i>Sessional Monitor/Keyboarder</i>	Salvatore, Rob	<i>Broadcast Officer</i>
Kenny, Andrea	<i>Reporter</i>	Scott, James	<i>Manager, Hansard</i>
Kim, Lee	<i>Sessional Reporter</i>	Smith, Heather	<i>Reporter</i>
King, Marion	<i>Parliamentary Librarian</i>	Spicer, Victoria	<i>Senior Client Support Librarian</i>
Koh, Kee	<i>Reporter</i>	Spillane, Patrick	<i>Reporter</i>
Kurrie, Michelle	<i>Publishing Business Support Officer</i>	Squire, Evan	<i>Reporter</i>
Lauder, Stephen	<i>Cataloguing Officer</i>	Sutherland, Maggie	<i>Sessional Sub Editor</i>
Lawson, Lucy	<i>Sessional Reporter</i>	Taucer, Carl	<i>Senior Technical Officer - IT</i>
Lee, Royce	<i>IT Planning &amp; Development Officer</i>	Taylor, Linden	<i>Sub Editor</i>
Lesman, Bella	<i>Statistical Research Analyst</i>	Thomas, Mathew	<i>Broadcast Officer</i>
Lewis, Meredith	<i>Sub Editor</i>	Toller, Annie	<i>Sessional Reporter</i>
Louey, Adam	<i>Technical Officer - IT</i>	Turner, Alan	<i>Sessional Reporter</i>
Luddon, Suzie	<i>Community Engagement Projects Officer</i>	Tynan, Matt	<i>Broadcast Officer</i>
Macreadie, Rachel	<i>Research Officer</i>	Whitehead, Simon	<i>Publishing &amp; CIT Business Support Officer</i>
Magarey, Joel	<i>Sessional Reporter</i>	Williams, Gregory	<i>IT Services Officer</i>
Mamouny, Michael	<i>Print Media Librarian</i>	Zhang, Chong	<i>Sessional Monitor/Keyboarder</i>

# Staff Profiles

## Staff Profile - Harry Kandola



Harry enjoys his role in the small, dynamic team that is Budgets & Risks. Joining the Parliament in 2009 as an accounts payable officer, Harry has progressed to his current role of Budget Analyst through hard work and consistency.

“The best thing about Parliament is its people”, says Harry. Working

in a team that pitches in to help one another and appreciate your hard work makes coming to work an easy task. Harry has seen some significant changes at Parliament, particularly following the 2010 state election which brought with it 28 new members and new strategic directions for the institution itself.

Outside of work, Harry is a budding photographer and enjoys expanding his ‘shutterbug’ skills whenever he can.

## Staff Profile - Bella Lesman

According to Bella, variety is not only the spice of life, but is a good part of the reason she has been working in the Library’s



Research Unit for more than two and a half decades. The Research Unit writes papers on bills that traverse the whole range of portfolio areas.

“I’ve found over the years, that no matter how dry a bill sounds at the outset, once we start researching it in detail, it starts to get interesting,” says Bella. Writing a paper in collaboration with other members of the research team also heightens the research writing experience and speeds up the momentum.

Bella is also the statistics and census ‘go to’ person in the Library, and has been busy of late, with MPs’ requests for the 2011 census data.

Like other areas of Parliament, Bella says working in the Library’s Research Unit can be very busy and pressured at times, but that the research team manage to combine its solid work ethic with a wacky sense of humour. And she says that this great camaraderie is evident just about everywhere at Parliament.

“One of the joys of working in the same organisation for so long is being able to develop friendships over time with staff across the entire Parliament. The people here are priceless, even the ones who have execrable taste in footy teams”.

## Staff Profile - Nicole Fotheringham

After a rewarding career in facilities management, Nicole joined the Parliament in 2009 as a Team Leader in the Electorate Properties Unit.

The property team have their hands full managing leasing and facilities on behalf of 128 MPs in their electorate offices.

Nicole enjoys the challenge of negotiating new leases to get the best results for the Member and for Parliament.

“Continuing to achieve good results within the context of tight budget constraints is the most challenging aspect of my role,” says Nicole. Continual increases in rental prices cannot be matched by available funding, and it is navigating this particular challenge that keeps Nicole and her team working harder by the day.

Over the past 12 months, Nicole has been included in the department’s Senior Leadership Group and says that she has benefited from a renewed focus on the service culture that must form the basis of her interaction with members. Nicole is continuing to develop her leadership skills and is looking forward to preparing for the next state election, due to take place in November 2014.



# Fatigue Management

Fatigue management has been identified by the parliamentary departments as an area of concern from a risk management and occupational health and safety perspective. Fatigue management is one of the strategic risks identified by the Parliamentary Executive Group and the Presiding Officers. Identification of this risk has partly been as a result of legislation, associated regulations and guidelines creating higher expectations of employers to identify, manage and reduce such risks along with a wider community awareness of the impact work factors have on general health and well-being.

In 2010, Professor Drew Dawson of the Sleep Research Institute, University of South Australia, was engaged to review the parliamentary departments' implementation of the Fatigue Management and Prevention Project and identify any other area of concern for further action. Prof.

Dawson's Fatigue Risk Management report identified a number of localised and unscheduled work practices that carried significant potential to create an unacceptable level of fatigue-related risk, including poor work performance, work-related accident or injury at work or while travelling to and from the workplace, and the long term effects of work intensity on health and well-being. A number of recommendations were made to address and mitigate the risks.

One of his overarching recommendations was to deal with fatigue management as an OH&S issue, rather than manage it industrially. The Deputy Clerk of the Legislative Council, assisted by Organisation Development, will lead a working group including representatives from Parliament's OH&S Committee to develop appropriate treatments to manage the risks in a consistent manner across the Parliament.

## Workforce Data

### Staffing

	Parliamentary Officers	Electorate Officers	Total
Full-time	103	128	231
Part-time	12	194	206
Sessional	20	0	20
Total	135	322	457

### Full-time Equivalents (FTE)

	Permanent	Fixed Term	Total
Parliamentary Officers	115	5	120
Electorate Officers	228	8	236
Total	343	13	355

## Employment Framework

Two enterprise agreements outline conditions of employment for all parliamentary employees (excluding executives). They are the *Parliamentary Officers (Non-*

*Executive Officer Staff – Victoria) Single Enterprise Agreement 2009*, and the *Members of State Parliament Staff (Victoria) Certified Agreement 2005*.

## Senior Officer Travel

	2009-10	2010-11	2011-12
DPS Senior Parliamentary Officer Travel *	\$3,413	\$142	\$3,769

\* A senior parliamentary officer is defined as EO3 and above.

# Learning and Development

The Organisation Development (OD) Unit is committed to sourcing and delivering the best quality and most cost effective learning and development programs across the whole of Parliament. Various activities were undertaken during 2011–2012 to assist in the development of staff skills and knowledge and to support and develop electorate officers and parliamentary officers in their roles.

A total of 62 individual training sessions were coordinated by the learning and development coordinator which were made up of 23 programs.

Popular programs during 2011–2012 included the compliance program of workplace behaviour, manual handling, orientation for new staff, grammar and punctuation courses as well as working with complex and demanding clients targeted towards our electorate officers.

The OD Unit continues to keep up to date with emerging trends in learning and development, particularly with the increasing popularity of social media and e-learning. The learning and development coordinator is part of the VPS L & D network that meets every 6-8 weeks at various public sector agency locations to discuss developments and share ideas around training programs and initiatives.

The establishment of a computer training lab at 55 St Andrews Place means that staff can attend training at significantly reduced costs and in close proximity to the Melbourne CBD precinct.

In the coming months Parliament will host its own e-learning modules which are currently in the development stage. These programs will facilitate and encourage higher take up particularly for staff in the regional areas.

# Enterprise Agreement Update

As detailed in the last Annual Report, the *Parliamentary Officers (Non-Executive Staff – Victoria) Single Enterprise Agreement 2009* expired on 30 June 2011. The Community and Public Sector Union lodged its log of claims with the Parliamentary Departments on 3 June 2011 and negotiations for a new Parliamentary Officers (Non-Executive Staff – Victoria) Enterprise Agreement commenced on 24 August 2011 after approval of Parliament's Management Log was given by the Public Sector Industrial Relations Sub-Committee of Cabinet.

An Enterprise Agreement Bargaining Committee (comprising management and employee representatives)

was established in the reporting period with appropriate terms of reference with the aim of encouraging full and open communication between employees and management. The department's management representatives were the Director, Information Services and the Director, Resource Management.

During the reporting period, the Enterprise Agreement Bargaining Committee met on 13 occasions. Negotiations are expected to conclude in 2012-13 after agreement is reached between the State Government and the Community and Public Sector Union on the State wide Victorian Public Sector Agreement.

# Consultancies

## Details of consultancies over \$10,000

Consultant	Purpose of Consultancy	Start Date	End Date	Total Approved Project Fee *	Expenditure 2011-12 *	Future Expenditure *
Cube Management Solutions	BERC submissions as per DTF requirements	Jan 2012	Jan 2012	33,500	33,500	-
Wholesome Media	Development of social media strategy	Nov 2011	Nov 2011	33,750	33,750	-
Hotelstaff, Kathleen Menzies Consulting	Review of catering services, OHS review & dilapidation report	Feb 2012	June 2102	61,414	61,414	-

\* Excluding GST

Details of consultancies under \$10,000: nil

# OH&S and Employee Welfare

## OH&S Key Statistics

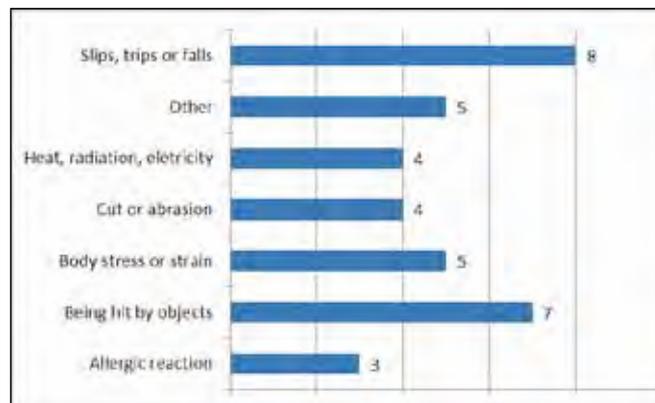
Measure	Description	Result
Incidents and hazards	Number of incidents	36
	Number of hazards	12
Claims	Number of minor claims**	8
	Number of standard claims**	0
	Number of lost time claims**	0
	Number of claims exceeding 13 weeks**	1
	Return to work compliance	100%
OH&S committee	Committee meetings	8
	OH&S representative initial and refresher training participation	100%
Hazard inspections	Workplace hazard inspections	5
Cooperate wellness activities	Number of participants	834
Worker health checks	Number of participants	54

Minor claim – a claim that exceeds the threshold of \$629 in medical and like expenses and/or 10 lost days.

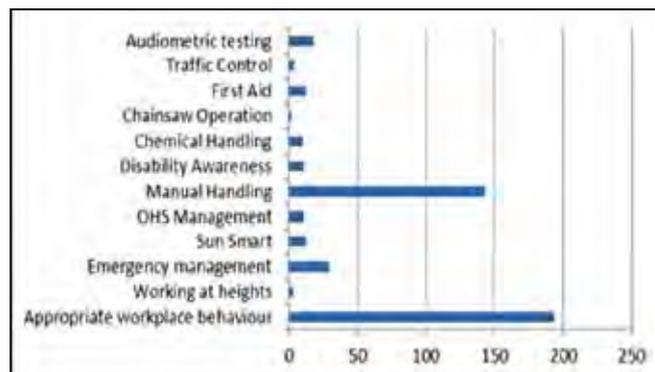
Standard claim – a claim that exceeds the threshold stated

\*\* Source – Xchanging (insurance provider) – relates to claims submitted during the reporting period.

## Mechanism of Incident



## OH&S Training



# Sustainability Report

The Buildings and Grounds Services Unit investigated the possible installation of solar panels on the roof of the trade centre in order to generate enough power for the centre to be completely self-sufficient. After investigations during 2011-12, it was found that the structural integrity of the building would be compromised by the weight of the panels and it would not be cost effective to reinforce the buildings to support the panels. Should works be undertaken to the buildings for another purpose, the opportunity to install solar panels will be further explored.

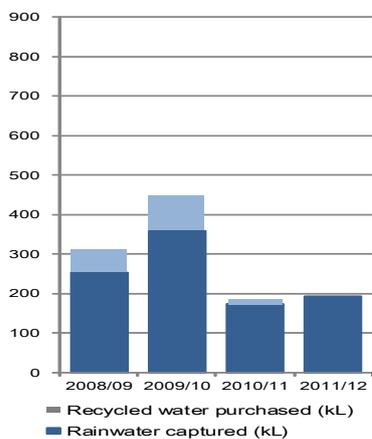
The trades centre electricity reporting for the second half of the financial year is yet to be received. However, when comparing the six months from August to February, electricity consumption has decreased from 16809kWh in 2009/10 to 15878kWh in 2010/11 and 14361kWh in 2011/12.

The upgrade of the Legislative Council Chamber lighting completed early in the 2011-12 financial year saw the changeover of existing lighting with more efficient luminaries. The upgraded fittings, including motion activated lights and replacement of fluorescent lamps with LED lights, are estimated

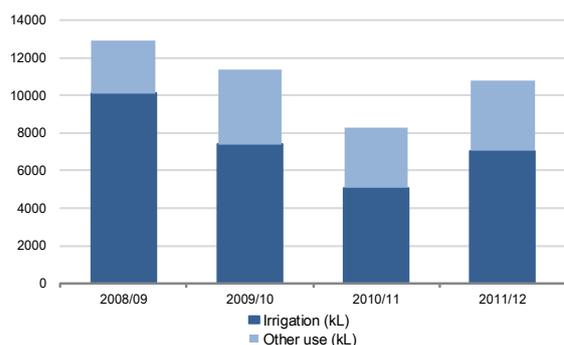
to last approximately five times longer and will significantly reduce the amount of energy consumed. As expected, maintenance costs have also decreased. Usually requiring replacement every 12 months, a year after the project was completed the globes have not needed replacing.

This past financial year saw the addition of nine new Members' offices, one on the first floor and the remaining eight on the third floor. As part of these renovations, modern lighting was installed to replace old and out-dated fittings. The unit continues to specify environmentally sustainable products for every project.

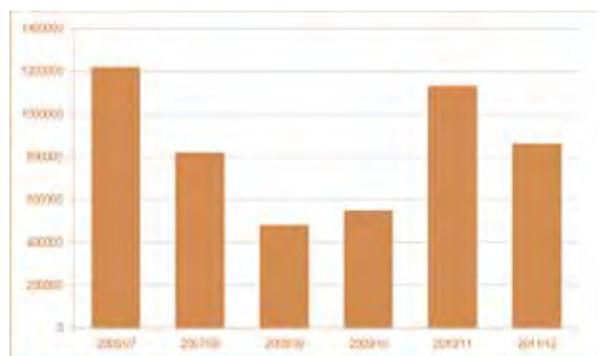
The Buildings and Grounds Services gardens team has been working hard to capture rainwater and reduce the amount of recycled water purchased. With the combination of higher rainfall levels and a refinement in irrigation and water use procedures during the past financial year, no recycled water was purchased. It has become apparent that there is a greater opportunity to increase our holding capacity, thus reducing the amount of mains water currently used for irrigation.



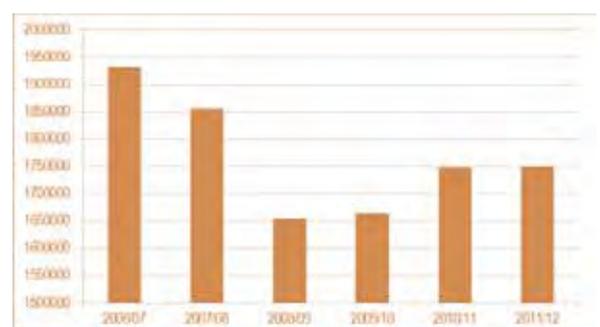
Graph 1: Annual tank water input



Graph 3: Annual mains water use



Graph 2: Annual gas use at Parliament House



Graph 4: Annual electricity use at Parliament House

# Output Measures - Legislative Assembly

Outputs	Unit of measure	Target 2011-12	Actuals 2011-12	Target met or exceeded (Y/N)
<b>Quantity</b>				
Procedural references updated biannually	Number	2	2	Y
Regional visits to schools to conduct Parliamentary Information Talks and Parliamentary Role Plays	Number	5	7	Y
<b>Quality</b>				
Bills and amendments processed accurately through all relevant stages in compliance with constitutional requirements and standing orders	Percent	100	100	Y
Member satisfaction that advice is responsive, prompt, clear and objective	Percent	80	90	Y
Teacher satisfaction with tours of Parliament for school groups	Percent	90	97	Y
<b>Timeliness</b>				
Documents tabled within time guidelines	Percent	90	100	Y
House documents available one day after sitting day	Percent	100	100	Y
Online information relating to bills updated within one day	Percent	95	100	Y
<b>Total output cost*</b>	<b>\$ million</b>	<b>20.0</b>	<b>26.2</b>	

# Output Measures - Legislative Council

Outputs	Unit of measure	Target 2011-12	Actuals 2011-12	Target met or exceeded (Y/N)
<b>Quantity</b>				
Procedural references updated biannually	Number	2	2	Y
<b>Quality</b>				
Bills and amendments processed accurately through all relevant stages and other business of the House conducted according to law, standing and sessional orders	Percent	100	100	Y
Member satisfaction with accuracy, clarity and timeliness of advice	Percent	90	100	Y
<b>Timeliness</b>				
Documents tabled within time guidelines	Percent	95	95	Y
House documents and other sitting related information available one day after sitting day	Percent	98	98	Y
<b>Total output cost*</b>	<b>\$ million</b>	<b>10.9</b>	<b>13.4</b>	

The actual total output costs for the Legislative Assembly and the Legislative Council are higher than the targets due to a three year actuarial assessment of Members' defined benefits superannuation costs. This assessment is required under the *Parliamentary Salaries and Superannuation Act 1968*, and it was completed after the publication of the 2011-12 Budget.

# Output Measures - Committees

Outputs	Unit of measure	Target 2011-12	Actuals 2011-12	Target met or exceeded (Y/N)
<b>Quantity</b>				
Reports tabled per annum	Number	25	40	Y
<b>Quality</b>				
Committee members satisfied that advice about procedure, research and administration is responsive, clear, objective and prompt	Percent	80	96	Y
Inquiries conducted and reports produced in compliance with procedural and legislative requirements	Percent	95	95	Y
<b>Timeliness</b>				
Reports tabled in compliance with procedural and legislative deadlines	Percent	95	95	Y
<b>Total output cost</b>	<b>\$ million</b>	<b>6.9</b>	<b>6.9</b>	

# Output Measures - DPS

Outputs	Unit of measure	Target 2011-12	Actuals 2011-12	Target met or exceeded (Y/N)
<b>Quantity</b>				
IT systems availability (Parliament and electorate offices)	Percent	99	99	Y
Monthly management reports to MPs and departments	Number	12	12	Y
Parliamentary audio system transmission availability	Percent	99	100	Y
Provide MPs with a functional electorate office	Percent	95	100	Y
<b>Quality</b>				
Clients satisfied with quality of information provided by Library reference desk staff	Percent	85	99	Y
Maintain and secure the parliamentary precinct and have it available for legislative program	Percent	95	100	Y
Clear audit opinion on Parliamentary Financial Statements (previous year)	Percent	100	100	Y
<b>Timeliness</b>				
Indexes, records, speeches and transcripts provided within agreed timeframes	Percent	90	94	Y
Payroll processing completed accurately and within agreed timeframes	Percent	99	100	Y
<b>Total output cost</b>	<b>\$ million</b>	<b>80.1</b>	<b>72.7</b>	

PAEC 2012-13 Budget Estimates Hearings, 7 May 2012  
Briefing Paper No. 1

RECONCILIATION OF APPROPRIATION BILL 2011-12 & 2012-13 TO BUDGET PAPER NO. 3

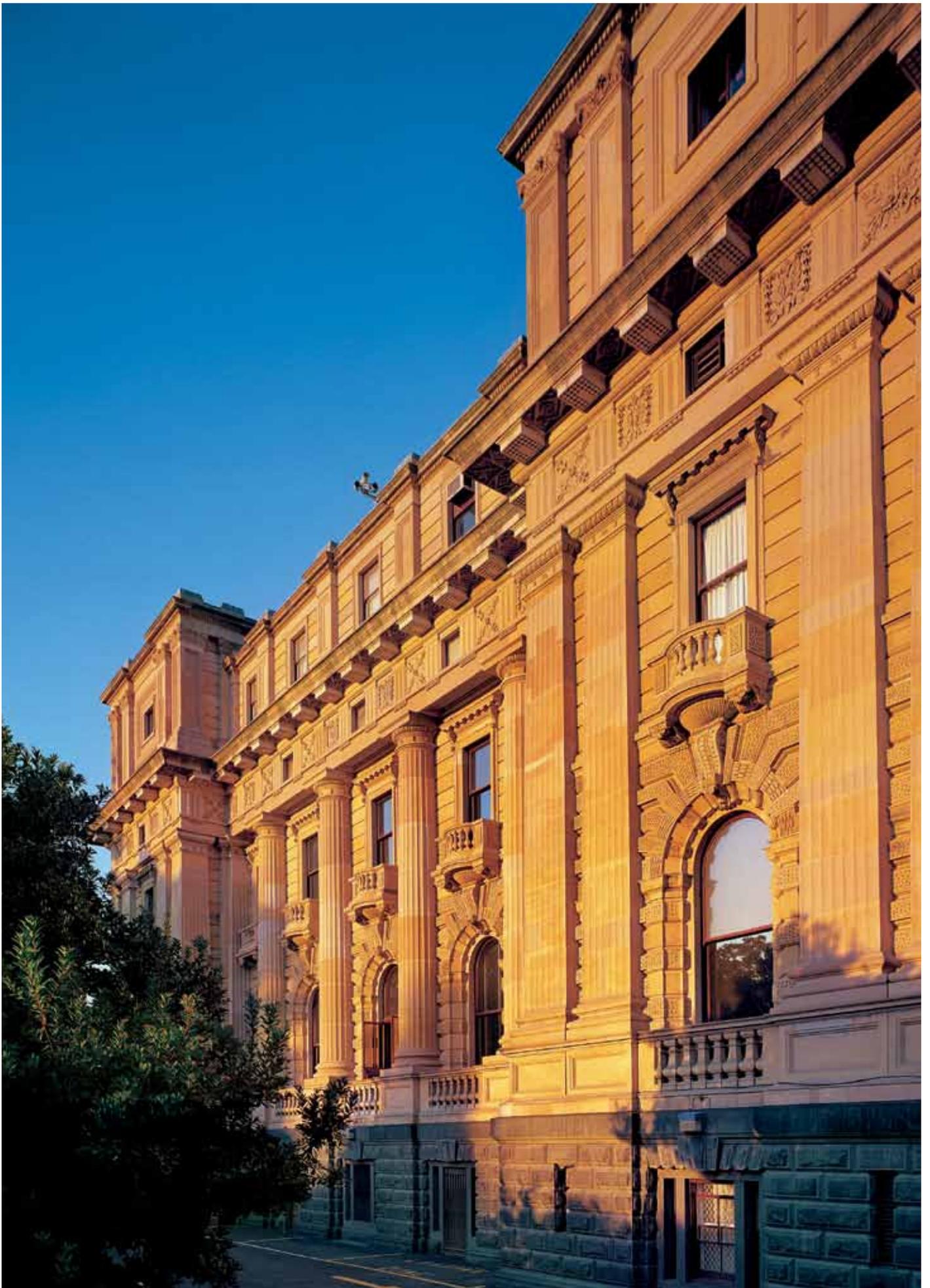


	LEGISLATIVE COUNCIL		LEGISLATIVE ASSEMBLY		PARLIAMENTARY SERVICES		JOINT INVESTIGATORY COMMITTEES		VICTORIAN AUDITOR GENERAL		TOTAL - EXCLUDING VAGO	
	2011-12 BUDGET 000's	2012-13 ESTIMATED BUDGET 000's	2011-12 BUDGET 000's	2012-13 ESTIMATED BUDGET 000's	2011-12 BUDGET 000's	2012-13 ESTIMATED BUDGET 000's	2011-12 BUDGET 000's	2012-13 ESTIMATED BUDGET 000's	2011-12 BUDGET 000's	2012-13 ESTIMATED BUDGET 000's	2011-12 BUDGET 000's	2012-13 ESTIMATED BUDGET 000's
<b>FIGURES PUBLISHED IN APPROPRIATION BILL</b>	<b>2,934</b>	<b>2,861</b>	<b>4,559</b>	<b>4,444</b>	<b>77,854</b>	<b>72,531</b>	<b>6,899</b>	<b>6,678</b>	<b>14,303</b>	<b>14,661</b>	<b>92,246</b>	<b>86,514</b>
ADD SPECIAL APPROPRIATIONS	7,994	11,383	15,440	21,917					472	484	23,434	33,300
LESS ATNAB INCLUDED IN BILL					- 4,000						- 4,000	-
OUTPUT CARRYOVER TO 2011-12					6,183						6,183	-
OUTPUT CARRYOVER TO 2012-13						6,350					-	6,350
GRANT RECEIVED FROM DEECD					54	30					54	30
SECTION 29 RECEIPTS RETENTION AGREEMENT									20,459	22,433	-	72
OTHER REVENUE (RECOUPMENT OF EXPENSE, SECONDEES ETC)										33	-	-
<b>TOTAL APPROPRIATIONS</b>	<b>10,928</b>	<b>14,244</b>	<b>19,999</b>	<b>26,361</b>	<b>80,091</b>	<b>78,983</b>	<b>6,899</b>	<b>6,678</b>	<b>35,271</b>	<b>37,611</b>	<b>117,917</b>	<b>126,266</b>
ROUNDED TO MILLIONS	10.9	14.2	20.0	26.4	80.1	79.0	6.9	6.7	35.3	37.6	117.9	126.3
<b>FIGURES PUBLISHED IN BUDGET PAPER 3</b>	<b>10.9</b>	<b>14.2</b>	<b>20.0</b>	<b>26.4</b>	<b>80.1</b>	<b>79.0</b>	<b>6.9</b>	<b>6.7</b>	<b>34.9**</b>	<b>37.6</b>	<b>117.9</b>	<b>126.3</b>

\*\* VAGO advised DTF the correct output cost as 35.2, however the total output cost for VAGO published in BP3 is 34.9

\*\*\*2011-12 Estimated Budget VAGO Variance 0.40

Note: Purpose of this briefing is to explain the differences between the output costs shown in Budget Paper 3 and the Appropriation funding shown in the Appropriations Bill.



# PARLIAMENT OF VICTORIA

## Financial statements for the financial year ended 30 June 2012

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These financial statements cover the Parliament of Victoria as an individual entity.

The Parliament is the law-making body of the State and provides the base from which the government is formed. Its principal address is:

Parliament of Victoria  
Parliament House  
Spring Street  
Melbourne  
Victoria 3002

**PARLIAMENT OF VICTORIA**  
**Comprehensive operating statement**  
**for the financial year ended 30 June 2012**

	Notes	2012 \$	2011 \$
<b>Income from transactions</b>			
Output appropriations	21(a)	87,081,443	86,594,374
Special appropriations	21(b)	32,096,625	40,003,220
Grants	4(a)	42,050	131,015
Fair value of assets and services received free of charge	4(b)	126,853	67,377
Parliament refreshment rooms		1,393,645	1,324,185
<b>Total income from transactions</b>		<b>120,740,616</b>	<b>128,120,171</b>
<b>Expenses from transactions</b>			
Employee expenses	5(a)	(75,759,168)	(81,854,154)
Depreciation	5(b)	(5,718,443)	(5,412,824)
Interest expense		(155,125)	(174,200)
Capital asset charge		(1,928,106)	(1,669,106)
Parliament refreshment rooms	5(c)	(1,570,599)	(1,593,134)
Communications, postage and printing		(9,981,057)	(11,265,785)
Property rental cost		(6,976,019)	(6,680,154)
Other operating expenses	5(d)	(16,649,717)	(15,863,960)
<b>Total expenses from transactions</b>		<b>(118,738,234)</b>	<b>(124,513,317)</b>
<b>Net result from transactions (net operating balance)</b>		<b>2,002,382</b>	<b>3,606,854</b>
<b>Other economic flows included in net result</b>			
Net gain / (loss) on non-financial physical assets	6(a)	225,463	162,697
Other gains / (losses) from other economic flows	6(b)	(240,222)	18,644
<b>Total other economic flows included in net result</b>		<b>(14,759)</b>	<b>181,341</b>
<b>Net result</b>		<b>1,987,623</b>	<b>3,788,195</b>
<b>Other economic flows - other non-owner changes in equity</b>			
Changes in physical asset revaluation surplus	20	207,959,626	14,966,931
<b>Total other economic flows - other non-owner changes in equity</b>		<b>207,959,626</b>	<b>14,966,931</b>
<b>Comprehensive result</b>		<b>209,947,249</b>	<b>18,755,126</b>

The comprehensive operating statement should be read in conjunction with the accompanying notes included on pages 34 to 82

**PARLIAMENT OF VICTORIA**  
**Balance sheet**  
**as at 30 June 2012**

	Notes	2012 \$	2011 \$
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	19(a)	59,535	48,440
Receivables	7	45,910,123	43,621,169
<b>Total financial assets</b>		<b>45,969,658</b>	43,669,609
<b>Non-financial assets</b>			
Inventories	8	57,519	55,611
Prepayments		1,376,316	1,458,136
Non-financial physical assets classified as held for sale	10	401,958	46,810
Property, plant and equipment	9	450,082,360	235,970,042
<b>Total non-financial assets</b>		<b>451,918,153</b>	237,530,599
<b>Total assets</b>		<b>497,887,811</b>	281,200,208
<b>Liabilities</b>			
Bank overdraft	19(a)	1,402,952	1,047,572
Payables	11	2,647,723	1,947,644
Borrowings	12	3,508,025	3,120,033
Provisions	13	9,794,140	8,497,237
<b>Total liabilities</b>		<b>17,352,840</b>	14,612,486
<b>Net assets</b>		<b>480,534,971</b>	266,587,722
<b>Equity</b>			
Accumulated surplus / (deficit)		31,074,755	29,087,132
Physical asset revaluation surplus	20	278,281,957	70,322,331
Contributed capital		171,178,259	167,178,259
<b>Net worth</b>		<b>480,534,971</b>	266,587,722

The balance sheet should be read in conjunction with the accompanying notes included on pages 34 to 82

**PARLIAMENT OF VICTORIA**  
**Statement of changes in equity**  
**for the financial year ended 30 June 2012**

	Notes	Physical asset revaluation surplus	Accumulated surplus	Contributions by owner	Total
<b>Balance at 1 July 2010</b>		<b>55,355,400</b>	<b>25,298,937</b>	<b>165,178,259</b>	<b>245,832,596</b>
Net result for the year		-	3,788,195	-	3,788,195
Other economic flows	20	14,966,931	-	-	14,966,931
Capital appropriations		-	-	2,000,000	2,000,000
<b>Balance at 30 June 2011</b>		<b>70,322,331</b>	<b>29,087,132</b>	<b>167,178,259</b>	<b>266,587,722</b>
Net result for the year		-	1,987,623	-	1,987,623
Other economic flows	20	207,959,626	-	-	207,959,626
Capital appropriations		-	-	4,000,000	4,000,000
<b>Balance at 30 June 2012</b>		<b>278,281,957</b>	<b>31,074,755</b>	<b>171,178,259</b>	<b>480,534,971</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes included on pages 34 to 82

**PARLIAMENT OF VICTORIA**  
**Cash flow statement**  
**for the financial year ended 30 June 2012**

	Notes	2012 \$	2011 \$
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from Government appropriations		117,062,770	128,108,565
Receipts from Parliament refreshment rooms		1,553,484	1,478,757
Receipts from other Government departments		114,050	131,015
Goods and services tax recovered from the ATO		4,439,168	4,253,230
<b>Total receipts</b>		<b>123,169,472</b>	<b>133,971,567</b>
<b>Payments</b>			
Payments to suppliers and employees		(112,089,909)	(124,008,488)
Payments by Parliament refreshment rooms		(1,614,696)	(1,553,137)
Goods and services tax paid to the ATO		(127,092)	(108,152)
Capital asset charge payments		(1,928,106)	(1,669,106)
Interest and other finance costs		(155,125)	(174,200)
<b>Total payments</b>		<b>(115,914,928)</b>	<b>(127,513,083)</b>
<b>Net cash flows from / (used in) operating activities</b>	19(b)	<b>7,254,544</b>	<b>6,458,484</b>
<b>Cash flows from investing activities</b>			
Payments for non-financial physical assets		(10,357,300)	(7,342,930)
Sales of non-financial physical assets		1,106,773	1,111,186
<b>Net cash flows from / (used in) investing activities</b>		<b>(9,250,527)</b>	<b>(6,231,744)</b>
<b>Cash flows from financing activities</b>			
Owner contributions by State Government		4,000,000	2,000,000
Repayment of finance lease liability on disposals		(1,233,257)	(856,380)
Repayment of borrowings		(1,115,045)	(1,482,777)
<b>Net cash flows from / (used in) financing activities</b>		<b>1,651,698</b>	<b>(339,157)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(344,285)</b>	<b>(112,417)</b>
Cash and cash equivalents at the beginning of the financial year		(999,132)	(886,715)
<b>Cash and cash equivalents at the end of the financial year</b>	19(a)	<b>(1,343,417)</b>	<b>(999,132)</b>

The above cash flow statement should be read in conjunction with the accompanying notes included on pages 34 to 82

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**Note 1 - Summary of significant accounting policies**

The annual financial statements represent the audited general purpose financial statements for the Parliament of Victoria for the year ended 30 June 2012.

The purpose of the report is to provide users with information about the Parliament's stewardship of resources entrusted to it.

**(a) Statement of compliance**

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (AAS) which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of the *AASB 1049 Whole of Government and General Government Sector Financial Reporting*.

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

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 is reported.

To gain a better understanding of the terminology used in this report, a glossary of terms and style conventions can be found in Note 28.

The annual financial statements were authorised for issue by the President of the Legislative Council and the Speaker of the Legislative Assembly on 14 August 2012.

**(b) Basis of accounting preparation and measurement**

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment, (refer to Note 1(k));
- superannuation expense (refer to Note 1(g)); and
- employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(l)).

These financial statements are presented in Australian dollars, and prepared in accordance with the historical cost convention except for:

- non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value;
- the fair value of an asset other than land is generally based on its depreciated replacement value.

**Note 1 - Summary of significant accounting policies (continued)**

**(c) Reporting entity**

The financial statements include all the activities of the Parliament of Victoria. The Parliament has no controlled entities that warrant disclosure in these financial statements. Its principal address is:

Parliament of Victoria  
Parliament House  
Spring Street  
Melbourne 3002  
Victoria

A description of the nature of the Parliament's operations and its principal activities is included in the report of operations, which does not form part of these financial statements.

**Objectives and funding**

The Parliament's functions may be broadly described as legislative, financial and representational. It authorises expenditure, debates Government policy and scrutinises Government administration.

The Parliament of Victoria is predominantly funded by accrual based Parliamentary appropriations for the provision of outputs that are further described in Note 2 *Departmental (controlled) outputs*.

**Outputs of the Parliament of Victoria**

Information about the Parliament's output activities, and the expenses, income, assets and liabilities which are reliably attributable to those output activities, is set out in the output activities schedule (Note 2).

Information about expenses, incomes, assets and liabilities administered by the Parliament are given in the schedule of administered expenses and revenues and the schedule of administered assets and liabilities (see Note 3).

**(d) Basis of consolidation**

**Administered items**

Certain resources are administered by the Parliament on behalf of the State. While the Parliament is accountable for the transactions involving administered items, it does not have the discretion to deploy the resources for its own benefit or the achievement of its objectives. Accordingly, transactions and balances relating to administered items are not recognised as Parliament income, expenses, assets or liabilities within the body of the financial statements.

Administered income includes minor sale of goods and services, and receipts toward the Public Service Commuter Club. Administered assets are amounts receivable toward the Public Service Commuter Club. Administered liabilities are advances received toward the Public Service Commuter Club.

Except as otherwise disclosed, administered resources are accounted for on an accrual basis using the same accounting policies adopted for recognition of the Parliament items in the financial statements. Both controlled and administered items of Parliament are consolidated into the financial statements of the State.

Disclosures related to administered items can be found in Note 3.

**(e) Scope and presentation of financial statements**

**Comprehensive operating statement**

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from 'transactions' or 'other economic flows'. This classification is consistent with the whole of government reporting format and is allowed under *AASB 101 Presentation of financial statements*.

**Note 1 - Summary of significant accounting policies (continued)**

'Transactions' are those economic flows that are considered to arise as a result of policy decisions, usually interactions between two entities by mutual agreement. Transactions also include flows within an entity, such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

'Other economic flows' are changes arising from market re-measurements. They include gains and losses from disposals, and revaluations and impairments of non-financial physical assets.

The net result is equivalent to profit or loss derived in accordance with AASs.

**Balance sheet**

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.

Current and non-current assets and liabilities (non-current being those assets or liabilities expected to be recovered or settled beyond 12 months) are disclosed in the notes, where relevant.

**Statement of changes in equity**

The statement of changes in equity presents reconciliations of non-owner and owner changes in equity from opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the 'Comprehensive result' and amounts recognised in 'Other economic flows' related to 'Transactions with owner in its capacity as owner'.

**Cash flow statement**

Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with requirements under *AASB 107 Statement of Cash Flows*.

**Rounding**

Amounts in the financial statements have been rounded to the nearest whole dollar, unless otherwise stated.

**(f) Income from transactions**

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured at fair value.

**Appropriation income**

Appropriated income becomes controlled and is recognised by the Parliament when it is appropriated from the Consolidated Fund by the Victorian Parliament and applied to the purposes defined under the relevant appropriations act. Additionally, the Parliament is permitted under Section 29 of the *Financial Management Act 1994* to have certain income annotated to the annual appropriation. The income which forms part of a Section 29 agreement is recognised by the Parliament and the receipts paid into the Consolidated Fund as an administered item. At the point of income recognition, s29 provides for an equivalent amount to be added to the annual appropriation. Examples of receipts which can form part of a Section 29 agreement are the proceeds from the sale of assets and income from the sale of products and services.

**Note 1 - Summary of significant accounting policies (continued)**

Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes. All amounts of income over which the Parliament does not have control are disclosed as administered income in the schedule of administered income and expenses (see Note 3). Income is recognised for each of the Parliament's major activities as follows:

Output appropriations

Income from the outputs the Parliament provides to Government is recognised when those outputs have been delivered and the relevant minister has certified delivery of those outputs in accordance with specified performance criteria.

Special appropriations

The following special appropriations are recognised when the amount appropriated for that particular purpose is due and payable by the Parliament:

- salary for the Clerk of the Parliaments (under the *Constitution Act No. 8750*)
- salaries for the Legislative Assembly (under the *Constitution Act No. 8750*)
- salaries for the Legislative Council (under the *Constitution Act No. 8750*)
- Parliamentary benefits and superannuation (under the *Parliamentary Contributory Superannuation Act No. 89*)
- Parliamentary salaries and superannuation (under the *Parliamentary Salaries & Superannuation Act No. 7723*)

**Grants and other income transfers**

Income from grants (other than contribution by owners) is recognised when the Parliament obtains control over the contribution.

**Fair value of assets and services received free of charge or for nominal consideration**

Contributions of resources received free of charge or for nominal consideration are recognised at fair value when control is obtained over them, irrespective of whether these contributions are subject to restrictions or conditions over their use. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not received as a donation.

**(g) Expenses from transactions**

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

**Employee expenses**

These expenses include all costs related to employment including wages and salaries, superannuation, fringe benefits tax, leave entitlements, redundancy payments and WorkCover premiums.

**Note 1 - Summary of significant accounting policies (continued)**

**Superannuation**

The amount recognised in the comprehensive operating statement is the employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period.

The Department of Treasury and Finance (DTF) in their Annual Financial Statements, recognise on behalf of the State as the sponsoring employer, the net defined benefit cost related to the members of these plans as an administered liability. Refer to DTF's Annual Financial Statements for more detailed disclosures in relation to these plans.

**Depreciation**

All buildings, plant and equipment and other non-financial physical assets (excluding items under operating leases and assets held-for-sale) that have a limited useful life are depreciated. Depreciation is calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

The estimated useful lives for the different asset classes for both current and prior years can be found in Note 9.

Land and those core cultural assets, which are considered to have an indefinite life, are not depreciated. Depreciation is not recognised in respect of these assets as their service potential has not, in any material sense, been consumed during the reporting period.

**Interest expense**

Interest expense is recognised in the period in which it is incurred. Refer to glossary of terms in Note 28 for an explanation of interest expense items.

**Capital asset charge**

The capital asset charge is calculated on the budgeted carrying amount of applicable non-financial physical assets.

**Other operating expenses**

Other operating expenses generally represent the day to day running costs incurred in normal operations.

**Supplies and services**

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred.

**Bad and doubtful debts**

Refer to Note 1(j) Impairment of financial assets.

**Note 1 - Summary of significant accounting policies (continued)**

**(h) Other economic flows**

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions. These include:

***Net gain / (loss) on non-financial assets***

Net gain / (loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

***Revaluation gains / (losses) of non-financial physical assets***

Refer to accounting policy on property, plant and equipment, provided in Note 1(k) *Revaluations of non-financial physical assets*.

***Disposal of non-financial physical assets***

Any gain or loss on the disposal of non-financial physical assets is recognised at the date of disposal and is determined after deducting from the proceeds the carrying value of the asset at that time.

***Impairment of non-financial assets***

All assets are assessed annually for indications of impairment, except for:

- inventories (refer to Note 1(k));
- non-financial physical assets classified as held-for-sale (refer to Note 1(k)).

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an other economic flow, except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that class of asset.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell.

Refer to Note 1(k) in relation to the recognition and measurement of non-financial assets.

***Net gain / (loss) on financial instruments***

Net gain / (loss) on financial instruments includes impairment and reversal of impairment for financial instruments at amortised cost.

***Other gains / (losses) from other economic flows***

Other gains / (losses) from other economic flows include the gains or losses from:

- transfer of amounts from the reserves and / or accumulated surplus to net result due to disposal or derecognition or reclassification; and
- the revaluation of the present value of long service leave liability due to changes in the bond interest rates.

**Note 1 - Summary of significant accounting policies (continued)**

**(i) Financial instruments**

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Parliament's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in *AASB 132 Financial Instruments: Presentation*.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with *AASB 132* and those that do not.

The following refers to financial instruments unless otherwise stated.

***Categories of non-derivative financial instruments***

***Loans and receivables***

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits (refer to Note 1(j)), trade receivables and other receivables, but not statutory receivables.

***Financial liabilities at amortised cost***

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method.

Financial instrument liabilities measured at amortised cost include all of Parliament's contractual payables and interest bearing arrangements.

**(j) Financial assets**

***Cash and deposits***

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

***Receivables***

Receivables consist of:

- statutory receivables, which include predominantly amounts owing from the Victorian Government and GST input tax credits recoverable; and
- contractual receivables, which include mainly debtors in relation to goods and services.

Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments.

**Note 1 - Summary of significant accounting policies (continued)**

Contractual receivables are classified as financial instruments and categorised as loans and receivables (refer to Note 1(i) for recognition and measurement). Statutory receivables, are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Receivables are subject to impairment testing as described below. A provision for doubtful receivables is recognised when there is objective evidence that the debts may not be collected, and bad debts are written off when identified.

***Impairment of financial assets***

At the end of each reporting period, the Parliament assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets are subject to annual review for impairment.

Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent, and the allowance for doubtful receivables, are classified as other economic flows in the net result.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

**(k) Non-financial assets**

***Inventories***

Inventories include goods and other property held either for sale, or for consumption in the ordinary course of business operations. All inventories are measured at the lower of cost and net realisable value.

***Non-financial physical assets classified as held-for-sale***

Non-financial physical assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This condition is regarded as met only when:

- the asset is available for immediate use in the current condition; and
- the sale is highly probable and the asset's sale is expected to be completed within twelve months from the date of classification.

These non-financial physical assets are measured at the lower of carrying amount and fair value less costs to sell, and are not subject to depreciation or amortisation.

**Note 1 - Summary of significant accounting policies (continued)**

***Property, plant and equipment***

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

The initial cost for non-financial physical assets under a finance lease (refer to Note 1(m)) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Non-financial physical assets such as Crown land and heritage assets are measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or constructive restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset are not taken into account until it is virtually certain that the restrictions will no longer apply.

The fair value of cultural assets and collections, and heritage buildings that the Parliament intends to preserve because of their unique historical, cultural or environmental attributes, is measured at the replacement cost of the asset less, where applicable, accumulated depreciation (calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset). These policies and any legislative limitations and restrictions imposed on their use and/or disposal may impact their fair value.

The fair value of plant, equipment and vehicles, is normally determined by reference to the asset's depreciated replacement cost. For plant, equipment and vehicles, existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

*Leasehold improvements*

The cost of a leasehold improvement is capitalised as an asset and depreciated over the remaining term of the lease or the estimated useful life of the improvements, whichever is the shorter.

*Restrictive nature of cultural and heritage assets and Crown land*

The Parliament holds cultural assets, heritage assets, Crown land and infrastructure, which are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. Consequently, there are certain limitations and restrictions imposed on their use and/or disposal.

*Non-financial physical assets constructed by the Parliament*

The cost of non-financial physical assets constructed by the Parliament includes the cost of all materials used in construction, direct labour on the project, and an appropriate proportion of variable and fixed overheads.

*Revaluations of non-financial physical assets*

Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with the Financial Reporting Direction (FRD) issued by the Minister for Finance. A full revaluation normally occurs every five years, based upon the asset's government purpose classification but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations. Any interim revaluations are determined in accordance with the requirements of the FRD.

**Note 1 - Summary of significant accounting policies (continued)**

Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in 'Other economic flows – other non-owner changes in equity' and accumulated in equity under the asset revaluation surplus. However, the net revaluation increase is recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result.

Net revaluation decreases are recognised in 'Other economic flows – other non-owner changes in equity' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment. Otherwise, the net revaluation decreases are recognised immediately as other economic flows in the net result. The net revaluation decrease recognised in 'Other economic flows – other non-owner changes in equity' reduces the amount accumulated in equity under the asset revaluation surplus.

Revaluation increases and decreases relating to individual assets within a class of property, plant and equipment, are offset against one another within that class but are not offset in respect of assets in different classes.

**Prepayments**

Prepayments represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

**(l) Liabilities**

**Payables**

Payables consist of:

- contractual payables, such as accounts payable. Accounts payable represent liabilities for goods and services provided to the Parliament prior to the end of the financial year that are unpaid, and arise when the Parliament becomes obliged to make future payments in respect of the purchase of those goods and services; and
- statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost (refer to Note 1(i)). Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

**Borrowings**

Borrowings are initially measured at fair value, being the cost of the borrowings, net of transaction costs (refer also to Note 1(m) Leases).

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in net result over the period of the borrowing using the effective interest method.

**Note 1 - Summary of significant accounting policies (continued)**

**Provisions**

Provisions are recognised when the Parliament has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that the amount will be received and the amount of the receivable can be measured reliably.

**Employee benefits**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

**(i) Wages and salaries and annual leave**

Liabilities for wages and salaries and annual leave are recognised in the provision for employee benefits, classified as current liabilities. Those liabilities which are expected to be settled within 12 months of the reporting period are measured at their nominal values.

Those liabilities that are not expected to be settled within 12 months are also recognised in the provision for employee benefits as current liabilities, but are measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

**(ii) Long service leave**

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

**Unconditional LSL** is disclosed in the notes to the financial statements as a current liability even where the Parliament does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- nominal value - component that the Parliament expects to settle within 12 months; and
- present value - component that the Parliament does not expect to settle within 12 months.

**Conditional LSL** is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value. Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an 'other economic flow' (refer to Note 1(h)).

**(iii) Termination benefits**

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Parliament recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

**Note 1 - Summary of significant accounting policies (continued)**

***Employee benefits on-costs***

Employee benefits on-costs such as payroll tax, workers compensation and superannuation are recognised separately from the provision for employee benefits.

**(m) Leases**

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

***Finance leases***

***Parliament of Victoria as lessee***

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is depreciated over the shorter of the estimated useful life of the asset or the term of the lease.

Minimum finance lease payments are apportioned between reduction of the outstanding lease liability, and periodic finance expense which is calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement.

***Operating leases***

***Parliament of Victoria as lessee***

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are received to enter into operating leases, the aggregate cost of incentives are recognised as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**(n) Equity**

***Contributions by owners***

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners.

**Note 1 - Summary of significant accounting policies (continued)**

**(o) Commitments**

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 16) at their nominal value and inclusive of the goods and services tax (GST) payable. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

**(p) Contingent assets and contingent liabilities**

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 17) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

**(q) Accounting for goods and services tax (GST)**

Income, expenses and assets are recognised net of the amount of associated GST, except where GST incurred is not recoverable from the taxation authority. In this case, the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which were recovered from, or paid to the taxation authority, are presented as operating cash flow.

**(r) Events after the reporting period**

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Parliament and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period.

Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting period and before the date the financial statements are authorised for issue, where those events provide information about conditions which existed in the reporting period.

Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period and which may have a material impact on the results of subsequent years.

**(s) AASs issued that are not yet effective**

Certain new AASs have been published that are not mandatory for the 30 June 2012 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises the Parliament of their applicability and early adoption where applicable. Parliament of Victoria has not adopted these standards early.

**Note 2 - Parliament (controlled) outputs**

A description of the Parliament of Victoria outputs performed during the year ended 30 June 2012, and the objectives of these outputs, are summarised below.

**Legislative Council outputs**

***Description of outputs***

Provision of procedural advice to Members of the Legislative Council, processing of legislation, preparation of the records of the proceedings and documentation required for the sittings of the Council, provision of assistance to parliamentary committees, provision of information relating to the proceedings of the Council and enhancement of public awareness of Parliament.

***Objectives***

To ensure that the business of the Upper House and committees is conducted in accordance with the law, standing orders, and / or resolutions of the Parliament.

**Legislative Assembly outputs**

***Description of outputs***

Provision of procedural advice to Members of the Legislative Assembly, processing of legislation, preparation of the records of the proceedings and documentation required for the sittings of the Assembly, provision of assistance to parliamentary committees, provision of information relating to the proceedings of the Assembly and the promotion of public awareness of Parliament.

***Objectives***

To ensure that the business of the Lower House and committees is conducted in accordance with the law, standing orders, and / or resolutions of the Parliament.

**Department of Parliamentary Services**

***Description of outputs***

Provision of information and resources to Members of Parliament, parliamentary officers and parliamentary committees as well as members of the public, including the production of Hansard and library research services. It also includes the provision of ancillary services such as human resources, training, education, information technology, accounting & administration, budgets, property and facilities management.

***Objectives***

To provide high quality support services which enable the Parliament and State electorate offices to operate at optimum efficiency and effectiveness.

**Parliamentary Investigative Committees**

***Description of outputs***

Inquire into matters either referred by either House or the Governor-in-Council or which may be self-generated by a Committee.

***Objectives***

To provide quality advice, support and information services to Members and other clients.

**PARLIAMENT OF VICTORIA**  
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**Note 2 - Parliament (controlled) outputs (continued)**

**Schedule A - Controlled income and expenses for the year ended 30 June 2012**

	Legislative Council \$	Legislative Assembly \$	Department of Parliamentary Services \$	Parliamentary Investigatory Committees \$	Parliament Total \$
<b>Income from transactions</b>					
Output appropriations	2,933,567	4,557,006	72,692,882	6,897,988	87,081,443
Special appropriations	10,490,303	21,606,322	-	-	32,096,625
Grants and other income transfers	-	-	42,050	-	42,050
Fair value of assets and services received free of charge	-	-	126,853	-	126,853
Parliament refreshment rooms	-	-	1,393,645	-	1,393,645
<b>Total income from transactions</b>	<b>13,423,870</b>	<b>26,163,328</b>	<b>74,255,430</b>	<b>6,897,988</b>	<b>120,740,616</b>
<b>Expenses from transactions</b>					
Employee expenses	(12,888,957)	(23,792,060)	(34,619,419)	(4,458,732)	(75,759,168)
Depreciation	-	-	(5,718,443)	-	(5,718,443)
Interest expense	-	-	(155,125)	-	(155,125)
Capital asset charge	-	-	(1,928,106)	-	(1,928,106)
Parliament refreshment rooms	-	-	(1,570,599)	-	(1,570,599)
Communications, postage and printing	(46,315)	(114,561)	(9,623,206)	(196,975)	(9,981,057)
Property rental cost	-	-	(6,544,019)	(432,000)	(6,976,019)
Other operating expenses	(501,597)	(1,121,708)	(13,796,132)	(1,230,280)	(16,649,717)
<b>Total expenses from transactions</b>	<b>(13,436,869)</b>	<b>(25,028,329)</b>	<b>(73,955,049)</b>	<b>(6,317,987)</b>	<b>(118,738,234)</b>
<b>Net result from transactions (net operating balance)</b>	<b>(12,999)</b>	<b>1,134,999</b>	<b>300,381</b>	<b>580,001</b>	<b>2,002,382</b>
<b>Other economic flows included in net result</b>					
Net gain / (loss) on non-financial physical assets	-	-	225,463	-	225,463
Other gains / (losses) from other economic flows	(19,624)	(6,669)	(189,962)	(23,967)	(240,222)
<b>Total economic flows included in net result</b>	<b>(19,624)</b>	<b>(6,669)</b>	<b>35,501</b>	<b>(23,967)</b>	<b>(14,759)</b>
<b>Net result</b>	<b>(32,623)</b>	<b>1,128,330</b>	<b>335,882</b>	<b>556,034</b>	<b>1,987,623</b>
<b>Other economic flows - other non-owner changes in equity</b>					
Changes in physical asset revaluation surplus	-	-	207,959,626	-	207,959,626
<b>Total other economic flows - other non-owner changes in equity</b>	<b>-</b>	<b>-</b>	<b>207,959,626</b>	<b>-</b>	<b>207,959,626</b>
<b>Comprehensive result</b>	<b>(32,623)</b>	<b>1,128,330</b>	<b>208,295,508</b>	<b>556,034</b>	<b>209,947,249</b>

The comparative Parliament outputs schedule for the year ended 30 June 2011 appears on the following page.

**PARLIAMENT OF VICTORIA**  
Notes to the financial statements  
30 June 2012

**Note 2 - Parliament (controlled) outputs (continued)**

**Schedule B - Controlled income and expenses for the year ended 30 June 2011**

	Legislative Council \$	Legislative Assembly \$	Department of Parliamentary Services \$	Parliamentary Investigatory Committees \$	Parliament Total \$
<b>Income from transactions</b>					
Output appropriations	2,854,800	4,435,592	72,439,145	6,864,837	86,594,374
Special appropriations	13,525,296	26,477,924	-	-	40,003,220
Grants and other income transfers	-	-	131,015	-	131,015
Fair value of services received free of charge	-	-	67,377	-	67,377
Parliament refreshment rooms	-	-	1,324,185	-	1,324,185
<b>Total income from transactions</b>	<b>16,380,096</b>	<b>30,913,516</b>	<b>73,961,722</b>	<b>6,864,837</b>	<b>128,120,171</b>
<b>Expenses from transactions</b>					
Employee expenses	(15,570,596)	(28,666,697)	(34,323,067)	(3,293,794)	(81,854,154)
Depreciation	-	-	(5,412,824)	-	(5,412,824)
Interest expense	-	-	(174,200)	-	(174,200)
Capital asset charge	-	-	(1,669,106)	-	(1,669,106)
Parliament refreshment rooms	-	-	(1,593,134)	-	(1,593,134)
Communications, postage and printing	(62,265)	(101,142)	(10,951,713)	(150,665)	(11,265,785)
Property rental cost	-	-	(6,248,154)	(432,000)	(6,680,154)
Other operating expenses	(328,235)	(1,051,677)	(13,630,670)	(853,378)	(15,863,960)
<b>Total expenses from transactions</b>	<b>(15,961,096)</b>	<b>(29,819,516)</b>	<b>(74,002,868)</b>	<b>(4,729,837)</b>	<b>(124,513,317)</b>
<b>Net result from transactions (net operating balance)</b>	<b>419,000</b>	<b>1,094,000</b>	<b>(41,146)</b>	<b>2,135,000</b>	<b>3,606,854</b>
<b>Other economic flows included in net result</b>					
Net gain / (loss) on non-financial physical assets	-	-	162,697	-	162,697
Other gains / (losses) from other economic flows	365	562	16,598	1,119	18,644
<b>Total economic flows included in net result</b>	<b>365</b>	<b>562</b>	<b>179,295</b>	<b>1,119</b>	<b>181,341</b>
<b>Net result</b>	<b>419,365</b>	<b>1,094,562</b>	<b>138,149</b>	<b>2,136,119</b>	<b>3,788,195</b>
<b>Other economic flows - other non-owner changes in equity</b>					
Changes in physical asset revaluation surplus	-	-	14,966,931	-	14,966,931
<b>Total other economic flows - other non-owner changes in equity</b>	<b>-</b>	<b>-</b>	<b>14,966,931</b>	<b>-</b>	<b>14,966,931</b>
<b>Comprehensive result</b>	<b>419,365</b>	<b>1,094,562</b>	<b>15,105,060</b>	<b>2,136,119</b>	<b>18,755,126</b>

**PARLIAMENT OF VICTORIA**  
Notes to the financial statements  
30 June 2012

Note 2 - Parliament (controlled) outputs (continued)

Schedule C - Controlled assets and liabilities as at 30 June 2012

	Legislative Council	Legislative Assembly	Department of Parliamentary Services	Parliamentary Investigatory Committees	Parliament Total
	\$	\$	\$	\$	\$
<b>Assets</b>					
Financial assets	603,524	1,229,125	42,680,094	1,456,915	45,969,658
Non-financial assets	28,577	51,251	451,838,325	-	451,918,153
<b>Total assets</b>	<b>632,101</b>	<b>1,280,376</b>	<b>494,518,419</b>	<b>1,456,915</b>	<b>497,887,811</b>
<b>Liabilities</b>	(1,250,419)	(1,176,594)	(13,734,054)	(1,191,773)	(17,352,840)
<b>Total liabilities</b>	<b>(1,250,419)</b>	<b>(1,176,594)</b>	<b>(13,734,054)</b>	<b>(1,191,773)</b>	<b>(17,352,840)</b>
<b>Net assets / (liabilities)</b>	<b>(618,318)</b>	<b>103,782</b>	<b>480,784,365</b>	<b>265,142</b>	<b>480,534,971</b>

The comparative Parliament outputs schedule for the year ended 30 June 2011 appears on the following page.

Note 2 - Parliament (controlled) outputs (continued)

Schedule D - Controlled assets and liabilities as at 30 June 2011

	Legislative Council	Legislative Assembly	Department of Parliamentary Services	Parliamentary Investigative Committees	Parliament Total
	\$	\$	\$	\$	\$
<b>Assets</b>					
Financial assets	961,695	1,175,072	38,725,341	2,807,503	43,669,609
Non-financial assets	95,501	94,510	237,314,395	26,193	237,530,599
<b>Total assets</b>	<b>514,801</b>	<b>1,188,960</b>	<b>277,332,629</b>	<b>2,163,818</b>	<b>281,200,208</b>
<b>Liabilities</b>					
	(1,121,549)	(1,000,246)	(11,698,658)	(792,033)	(14,612,486)
<b>Total liabilities</b>	<b>(1,121,549)</b>	<b>(1,000,246)</b>	<b>(11,698,658)</b>	<b>(792,033)</b>	<b>(14,612,486)</b>
<b>Net assets / (liabilities)</b>	<b>(606,748)</b>	<b>188,714</b>	<b>265,633,971</b>	<b>1,371,785</b>	<b>266,587,722</b>

**PARLIAMENT OF VICTORIA**  
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**30 June 2012**

**Note 3 - Administered (non controlled) items**

In addition to the specific Parliamentary operations which are included in the financial statements (comprehensive operating statement, balance sheet, statement of changes in equity and cash flow statement), the Parliament administers or manages other activities on behalf of the State. The transactions relating to these State activities are reported as administered items in this note. Administered transactions give rise to income, expenses, assets and liabilities and are determined on an accrual basis. Administered income includes minor sale of goods and services, and receipts toward the Public Service Commuter Club. Both the controlled Parliamentary financial statements and these administered items are consolidated into the financial statements of the State.

	Department of Parliamentary Services		Parliament Total	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>Administered income from transactions</b>				
Sale of goods and services	<b>29,444</b>	393,257	<b>29,444</b>	393,257
Receipts towards Public Service Commuter Club	<b>75,320</b>	89,333	<b>75,320</b>	89,333
<b>Total administered income from transactions</b>	<b>104,764</b>	482,590	<b>104,764</b>	482,590
<b>Administered expenses from transactions</b>				
Payments towards Public Service Commuter Club	<b>(89,361)</b>	(79,346)	<b>(89,361)</b>	(79,346)
Payments into the Consolidated Fund	<b>(29,444)</b>	(393,257)	<b>(29,444)</b>	(393,257)
<b>Total administered expenses from transactions</b>	<b>(118,805)</b>	(472,603)	<b>(118,805)</b>	(472,603)
<b>Total administered net result from transactions (net operating balance)</b>	<b>(14,041)</b>	9,987	<b>(14,041)</b>	9,987
<b>Administered other economic flows included in the administered net result</b>	-	-	-	-
<b>Total administered comprehensive result</b>	<b>(14,041)</b>	9,987	<b>(14,041)</b>	9,987
<b>Administered financial assets</b>				
Receivables	<b>43,765</b>	29,724	<b>43,765</b>	29,724
<b>Total administered assets</b>	<b>43,765</b>	29,724	<b>43,765</b>	29,724
<b>Administered liabilities</b>				
Payables	<b>(43,765)</b>	(29,724)	<b>(43,765)</b>	(29,724)
<b>Total administered liabilities</b>	<b>(43,765)</b>	(29,724)	<b>(43,765)</b>	(29,724)
<b>Total administered net assets</b>	-	-	-	-

**PARLIAMENT OF VICTORIA**  
**Notes to the financial statements**  
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2012                      2011  
 \$                              \$

**Note 4 - Income from transactions**

**(a) Grants and other income transfers**

Department of Education & Early Childhood Development	42,050	53,570
Victorian Ombudsman	-	77,445
	<b>42,050</b>	<b>131,015</b>

**(b) Fair value of assets and services received free of charge**

Services received free of charge - Victorian Auditor-General's Office	112,853	67,377
Cultural assets	14,000	-
	<b>126,853</b>	<b>67,377</b>

**Note 5 - Expenses from transactions**

**(a) Employee benefit expense**

Salaries and wages <sup>(a)</sup>	53,734,061	52,188,373
Annual leave and long service leave expense	4,394,284	3,736,093
Superannuation contribution	13,320,098	21,873,309
State Employees Retirement Benefits Scheme - contribution	23,011	22,964
Work cover premiums	285,992	283,214
Payroll tax	3,140,467	2,987,619
Fringe benefits tax	861,255	762,582
<b>Total employee benefits</b>	<b>75,759,168</b>	<b>81,854,154</b>

*(a) Salaries and wages includes all salaries and allowances paid to Members of Parliament, however, excludes Ministers' salaries and allowances which are paid by the Department of Premier and Cabinet.*

**(b) Depreciation expense**

(i) Depreciation of non-current assets:

- Buildings	1,412,447	1,435,154
- Plant & equipment	2,336,144	2,052,644
- Cultural assets	135,342	162,413
- Leasehold improvements	368,848	368,254
- Plant & equipment under finance lease	1,465,662	1,394,359

<b>Total depreciation expense</b>	<b>5,718,443</b>	<b>5,412,824</b>
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**PARLIAMENT OF VICTORIA**  
**Notes to the financial statements**  
**30 June 2012**

2012                      2011  
 \$                              \$

**Note 5 - Expenses from transactions (continued)**

**(c) Parliament refreshment rooms**

The Parliament refreshment rooms operate within the Parliamentary complex:

Cost of goods sold	508,396	464,730
Other expenditure	1,062,203	1,128,404
	1,570,599	1,593,134

**(d) Other operating expenses**

Acts, bills and statutory rules	317,251	363,253
Advertising	1,370,000	1,331,010
Cleaning expenses	819,937	817,016
Computer consulting and contractors	803,681	633,832
Computer software purchases	1,129,512	1,228,774
Computer support services	339,757	236,741
Consulting services	737,547	581,757
Electorate office expenses	1,332,261	1,306,909
Equipment rental	1,334,164	1,374,108
Garden expenses	132,909	122,419
Insurance	346,663	410,912
Maintenance consulting and contractors	587,099	265,442
Maintenance department consumables	799,980	724,710
Minor equipment purchase and repair	481,971	499,191
Motor vehicle running costs	784,629	790,952
Office expenses	544,461	441,042
Office requisites and stationery	563,139	578,520
Online data base expenses	159,380	241,247
Other expenses	1,049,403	1,825,745
Relocations and maintenance	961,269	949,786
Travel and subsistence	1,192,831	332,290
Utilities	861,873	808,304
	16,649,717	15,863,960

**PARLIAMENT OF VICTORIA**  
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	2012	2011
	\$	\$
<b>Note 6 - Other economic flows included in net result</b>		
<b>(a) Net gain / (loss) on non-financial physical assets</b>		
Proceeds from sale	1,106,773	1,111,186
Written down value of assets sold	(881,310)	(948,489)
<b>Total net gain / (loss) on non-financial physical assets</b>	<b>225,463</b>	<b>162,697</b>
<b>(b) Other gains / (losses) from other economic flows</b>		
Net gain / (loss) arising from revaluation of long service leave liability <sup>(a)</sup>	(240,222)	18,644
<b>Total other gains / (losses) from other economic flows</b>	<b>(240,222)</b>	<b>18,644</b>

*(a) Revaluation gain / (loss) due to changes in bond rates.*

**PARLIAMENT OF VICTORIA**  
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	2012	2011
	\$	\$
<b>Note 7 - Receivables</b>		
<b>Current receivables</b>		
<b>Contractual</b>		
Debtors - Parliament refreshment rooms	67,217	62,704
Other receivables	26,829	-
	94,046	62,704
<b>Statutory</b>		
Amount owing from Victorian Government <sup>(a)</sup>	7,110,110	5,343,775
GST input tax credit recoverable	829,829	615,515
	7,939,939	5,959,290
<b>Total current receivables</b>	<b>8,033,985</b>	<b>6,021,994</b>
<b>Non current receivables</b>		
<b>Statutory</b>		
Amount owing from Victorian Government <sup>(a)</sup>	37,876,138	37,599,175
<b>Total non current receivables</b>	<b>37,876,138</b>	<b>37,599,175</b>
<b>Total receivables</b>	<b>45,910,123</b>	<b>43,621,169</b>

*(a) The amounts recognised from Victorian Government represent funding for all commitments incurred through the appropriations and are drawn from the Consolidated Fund as the commitments fall due.*

**(a) Ageing analysis of contractual receivables**

Please refer to Table 18.2 in Note 18 for the ageing analysis of contractual receivables.

**(b) Nature and extent of risk arising from contractual receivables**

Please refer to Note 18 for the nature and extent of risks arising from contractual receivables.

**Note 8 - Inventories**

**Current inventories**

Stock on hand - Parliament refreshment rooms (at cost)	57,519	55,611
	<b>57,519</b>	<b>55,611</b>

**PARLIAMENT OF VICTORIA**  
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**Note 9 - Property, plant and equipment**

**Table 9.1: Public Administration purpose group - carrying amounts**

<b>As at 30 June 2012</b>	<b>Gross carrying amount</b>	<b>Accumulated depreciation</b>	<b>Net carrying amount</b>
<b>Description</b>			
<b>At cost</b>			
Buildings	-	-	-
Leasehold improvements	6,395,357	4,500,302	1,895,055
Buildings in the course of construction	-	-	-
Plant & equipment in the course of construction	-	-	-
Plant, equipment & vehicles under finance lease	4,839,638	1,760,316	3,079,322
<b>At fair value</b>			
Land	60,000,000	-	60,000,000
Buildings	364,600,000	-	364,600,000
Plant & equipment	20,616,466	11,998,909	8,617,557
Cultural assets - Library	8,033,006	-	8,033,006
Cultural assets - other	3,857,420	-	3,857,420
<b>Total</b>	<b>468,341,887</b>	<b>18,259,527</b>	<b>450,082,360</b>
<hr/>			
<b>As at 30 June 2011</b>	<b>Gross carrying amount</b>	<b>Accumulated depreciation</b>	<b>Net carrying amount</b>
<b>Description</b>			
<b>At cost</b>			
Buildings	988,175	348	987,827
Leasehold improvements	6,395,357	4,131,454	2,263,903
Buildings in the course of construction	278,309	-	278,309
Plant & equipment in the course of construction	67,445	-	67,445
Plant, equipment & vehicles under finance lease	4,696,712	1,654,765	3,041,947
<b>At fair value</b>			
Land	50,000,000	-	50,000,000
Buildings	159,435,377	116,980	159,318,397
Plant & equipment	18,762,346	9,662,765	9,099,581
Cultural assets - Library	7,674,162	525,895	7,148,267
Cultural assets - other	3,890,401	126,035	3,764,366
<b>Total</b>	<b>252,188,284</b>	<b>16,218,242</b>	<b>235,970,042</b>

**Valuation of assets**

Independent valuations of the Parliament's land & buildings, library collection, and other cultural assets were performed by the following valuers to determine the fair value of the assets:

Land and buildings	- Valuer-General Victoria
Cultural assets - Library	- Sainsbury Books
Cultural assets - other	- Armstrong Court

The valuations, which conform to Australian Valuation Standards, were determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction, except in the case of buildings which are based on depreciated replacement cost.

The effective date of the valuations is June 2012.

**PARLIAMENT OF VICTORIA**  
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**Note 9 - Property, plant and equipment (continued)**

**Table 9.2: Public Administration Purpose group - movements in carrying amounts**

	Land	Buildings	Leasehold improvements	Plant & equipment	Cultural assets - Library	Cultural assets - other	Plant, equipment & vehicles under finance lease	In course of construction	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Year ended 30 June 2012</b>									
<b>Opening balance</b>	50,000,000	160,306,224	2,263,903	9,099,581	7,148,267	3,764,365	3,041,947	345,755	235,970,042
Additions	-	-	-	605,366	-	20,540	2,736,294	9,731,709	13,093,909
Assets received free of charge	-	-	-	-	-	14,000	-	-	14,000
Disposals	-	-	-	-	-	(3,518)	(831,298)	-	(834,816)
Revaluation of PPE (Note 20)	10,000,000	196,877,513	-	-	994,300	87,813	-	-	207,959,626
Transfer in / (out) of assets under construction	-	8,828,710	-	1,248,754	-	-	-	(10,077,464)	-
Transfer to disposal group held for sale	-	-	-	-	-	-	(401,958)	-	(401,958)
Depreciation expense (Note 5(b))	-	(1,412,447)	(368,848)	(2,336,144)	(109,561)	(25,781)	(1,465,662)	-	(5,718,443)
<b>Closing balance</b>	<b>60,000,000</b>	<b>364,600,000</b>	<b>1,895,055</b>	<b>8,617,557</b>	<b>8,033,006</b>	<b>3,857,419</b>	<b>3,079,323</b>	<b>-</b>	<b>450,082,360</b>
<b>Year ended 30 June 2011</b>									
<b>Opening balance</b>	50,000,000	142,044,113	2,625,677	8,891,861	7,279,741	3,795,304	3,321,876	-	217,958,572
Additions	-	22,981	6,480	316,753	-	-	1,970,810	6,996,719	9,313,743
Disposals	-	-	-	-	-	-	(809,570)	-	(809,570)
Revaluation of PPE (Note 20)	-	14,966,931	-	-	-	-	-	-	14,966,931
Transfer in / (out) of assets under construction	-	4,707,353	-	1,943,611	-	-	-	(6,650,964)	-
Transfer to disposal group held for sale	-	-	-	-	-	-	(46,810)	-	(46,810)
Depreciation expense (Note 5(b))	-	(1,435,154)	(368,254)	(2,052,644)	(131,474)	(30,939)	(1,394,359)	-	(5,412,824)
<b>Closing balance</b>	<b>50,000,000</b>	<b>160,306,224</b>	<b>2,263,903</b>	<b>9,099,581</b>	<b>7,148,267</b>	<b>3,764,365</b>	<b>3,041,947</b>	<b>345,755</b>	<b>235,970,042</b>

The following useful lives of assets are used in the calculation of depreciation:

	Depreciation Rate %
Buildings	2010-11
Leasehold improvements	0.55 to 10
Plant, Equipment and Vehicles	10
Cultural Assets	6.7 to 33.3
	0 to 5

**Restricted assets**

The Parliament of Victoria holds \$376 million worth of properties being listed as heritage assets.

**Depreciation by class of asset**

Aggregate depreciation allocated during the year is recognised as an expense and disclosed in Note 5 to the financial statements.

**Change in depreciation policy - cultural assets**

A small number of cultural assets were being depreciated in the past. Based on advice from valuers indicating that the Parliament's cultural assets have an infinite useful life, these assets are no longer being depreciated from 1 May 2012. The financial effect of this change is immaterial.

**PARLIAMENT OF VICTORIA**  
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	2012	2011
	\$	\$
<b>Note 10 - Non-current assets classified as held for sale</b>		
Motor vehicles held for sale	401,958	46,810
	401,958	46,810
	401,958	46,810

**Note 11 - Payables**

**Current Payables**

**Contractual**

Supplies and services	2,068,907	1,426,383
Other payables	-	979
	2,068,907	1,427,362

**Statutory**

Taxes payable	578,816	520,282
	578,816	520,282

<b>Total current payables</b>	<b>2,647,723</b>	<b>1,947,644</b>
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<b>Total payables</b>	<b>2,647,723</b>	<b>1,947,644</b>
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**(a) Maturity analysis of contractual payables**

Please refer to Table 18.3 in Note 18 for the maturity analysis of contractual payables.

**(b) Nature and extent of risk arising from contractual receivables**

Please refer to Note 18 for the nature and extent of risks arising from contractual payables.

**PARLIAMENT OF VICTORIA**  
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**30 June 2012**

	2012	2011
	\$	\$
<b>Note 12 - Borrowings</b>		
<b>Current borrowings</b>		
Finance lease liabilities <sup>(a)</sup> (Note 15)	1,971,643	2,057,363
	1,971,643	2,057,363
<b>Non-current borrowings</b>		
Finance lease liabilities <sup>(a)</sup> (Note 15)	1,536,382	1,062,670
	1,536,382	1,062,670
<b>Total borrowings</b>	<b>3,508,025</b>	<b>3,120,033</b>

*(a) Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.*

**(a) Maturity analysis of borrowings**

Please refer to Table 18.3 in Note 18 for the maturity analysis of borrowings

**(b) Nature and extent of risk arising from borrowings**

Please refer to Note 18 for the nature and extent of risks arising from borrowings

**PARLIAMENT OF VICTORIA**  
**Notes to the financial statements**  
**30 June 2012**

	2012	2011
	\$	\$
<b>Note 13 - Provisions</b>		
<b>Current provisions</b>		
Employee benefits <sup>(a)</sup> (Note 13(a)) - annual leave:		
Unconditional and expected to be settled within 12 months <sup>(b)</sup>	2,139,444	2,041,303
Unconditional and expected to be settled after 12 months <sup>(c)</sup>	1,383,457	1,137,099
Employee benefits <sup>(a)</sup> (Note 13(a)) - long service leave:		
Unconditional and expected to be settled within 12 months <sup>(b)</sup>	2,197,717	2,043,760
Unconditional and expected to be settled after 12 months <sup>(c)</sup>	2,003,918	1,592,985
	7,724,536	6,815,147
Provisions related to employee benefit on-costs (Note 13(a)):		
Unconditional and expected to be settled within 12 months <sup>(b)</sup>	693,946	653,610
Unconditional and expected to be settled after 12 months <sup>(c)</sup>	541,980	436,813
	1,235,926	1,090,423
<b>Total current provisions</b>	<b>8,960,462</b>	<b>7,905,570</b>
<b>Non-current provisions</b>		
Employee benefits <sup>(a)</sup> (Note 13(a))	718,688	510,058
Employee benefits on-costs (Note 13(a))	114,990	81,609
<b>Total non-current provisions</b>	<b>833,678</b>	<b>591,667</b>
<b>Total provisions</b>	<b>9,794,140</b>	<b>8,497,237</b>

*(a) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including oncosts.*

*(b) The amounts disclosed are nominal amounts.*

*(c) The amounts disclosed are discounted to present values.*

**PARLIAMENT OF VICTORIA**  
**Notes to the financial statements**  
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	2012	2011
	\$	\$
<b>Note 13 - Provisions (continued)</b>		
<b>(a) Employee benefits and related on-costs <sup>(a)</sup></b>		
<b>Current employee benefits</b>		
Annual leave entitlements	3,522,901	3,178,402
Long service leave entitlements	4,201,635	3,636,745
<b>Non-current employee benefits</b>		
Long service leave entitlements	718,688	510,058
<b>Total employee benefits</b>	<b>8,443,224</b>	<b>7,325,205</b>
Current on-costs	1,235,926	1,090,423
Non-current on-costs	114,990	81,609
<b>Total on-costs</b>	<b>1,350,916</b>	<b>1,172,032</b>
<b>Total employee benefits and related on-costs</b>	<b>9,794,140</b>	<b>8,497,237</b>

*(a) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including oncosts.*

	2012			
	Annual Leave	Long Service Leave	On-costs	Total
<b>Opening balance</b>	3,178,402	4,146,803	1,172,032	<b>8,497,237</b>
Additional provisions recognised	2,784,670	914,070	630,235	<b>4,328,975</b>
Reduction arising from payments / other sacrifices of future economic benefits	(2,440,171)	(380,772)	(451,351)	<b>(3,272,294)</b>
Unwind of discount and effect of changes in the discount rate	-	240,222	-	<b>240,222</b>
<b>Closing balance</b>	<b>3,522,901</b>	<b>4,920,323</b>	<b>1,350,916</b>	<b>9,794,140</b>
Current	3,522,901	4,201,635	1,235,926	<b>8,960,462</b>
Non-current	-	718,688	114,990	<b>833,678</b>
	<b>3,522,901</b>	<b>4,920,323</b>	<b>1,350,916</b>	<b>9,794,140</b>

	2012	2011
<b>(c) Employee numbers</b>		
Average number of employees during the financial year	<b>790</b>	<b>772</b>

**Note 14 - Superannuation**

Employees of the Parliament of Victoria are entitled to receive superannuation benefits and the Parliament contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provides benefits based on years of service and final average salary.

Parliament does not recognise any defined benefit liability in respect of the plan(s) because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance discloses the State's defined benefit liabilities in its disclosure of administered items.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the Parliament.

The name and details of the major employee superannuation funds and contributions made by the Parliament are as follows:

Fund	Paid contribution for the year		Contribution outstanding at year end	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>Defined benefit plans:</b>				
- Parliamentary Contributory Super Scheme	<b>9,300,000</b>	18,000,000	-	-
- Emergency Services and State Super Scheme:				
~ Emp New & Revised	<b>293,328</b>	339,701	-	-
~ Emp Serbs	<b>23,011</b>	22,742	-	-
<b>Defined contribution plans:</b>				
- VicSuper	<b>2,775,876</b>	2,796,581	-	-
- Other	<b>927,883</b>	714,285	-	-
<b>Total</b>	<b>13,320,098</b>	<b>21,873,309</b>	-	-

The bases for determining the level of contributions is determined by the various actuaries of the superannuation plans.

The above amounts were measured as at 30 June of each year, or in the case of employer contribution plans they relate to the years ended 30 June.

**Note 15 - Leases**

**Disclosures for lessees - finance leases**

**Leasing arrangements**

Finance leases relate to motor vehicles with lease terms of three years.

	Minimum future lease payments <sup>(a)</sup>		Present value of minimum future lease payments	
	2012	2011	2012	2011
Not longer than 1 year	2,128,459	2,183,569	1,971,643	2,057,363
Longer than 1 year and not longer than 5 years	1,615,127	1,110,466	1,536,382	1,062,670
<b>Minimum future lease payments<sup>(a)</sup></b>	<b>3,743,586</b>	3,294,035	<b>3,508,025</b>	3,120,033
Less future finance charges	(235,561)	(174,002)	-	-
<b>Present value of minimum lease payments</b>	<b>3,508,025</b>	3,120,033	<b>3,508,025</b>	3,120,033
<b>Included in the financial statements as:</b>				
Current borrowings (Note 12)			1,971,643	2,057,363
Non-current borrowings (Note 12)			1,536,382	1,062,670
			<b>3,508,025</b>	<b>3,120,033</b>

(a) Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual.

**(a) Maturity analysis of finance lease liabilities**

Please refer to Table 18.3 in Note 18 for the ageing analysis of finance lease liabilities.

**(b) Nature and extent of risk arising finance liabilities**

Please refer to Note 18 for the nature and extent of risks arising from finance lease liabilities.

**Disclosures for lessees - operating leases**

**Leasing arrangements**

Operating leases consist of property rental agreements with options to extend and include market review clauses, in the event the Parliament exercises its option to renew. The Parliament does not have the option to purchase the leased asset at the expiry of the leased period.

The Parliament leases certain plant and equipment under operating leases. Leases of plant and equipment generally provide the Parliament with a right of renewal at which time all terms are renegotiated.

	2012	2011
Not longer than 1 year	6,440,768	5,316,404
Longer than 1 year and not longer than 5 years	10,585,059	7,463,382
Longer than 5 years	-	-
	<b>17,025,828</b>	<b>12,779,786</b>

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	2012	2011
	\$	\$

**Note 16 - Commitments for expenditure**

The following commitments have not been recognised as liabilities in the financial statements:

**(a) Capital expenditure commitments**

Commitments for the acquisition of property, plant and equipment contracted for at the reporting date but not recognised as liabilities, payable:

- Not longer than one year	-	527,043
- Longer than one year and not longer than five years	-	-
<b>Total capital expenditure commitments</b>	-	527,043
<b>Total commitments for expenditure (inclusive of GST)</b>	-	527,043
<b>Less GST recoverable from the Australian Taxation Office</b>	-	(47,913)
<b>Total commitments for expenditure (exclusive of GST)</b>	-	479,130

**Note 17 - Contingent assets and liabilities**

**Contingent liabilities**

Legal proceedings and disputes - the Plaintiff alleges breaches of a Tender process Agreement and the Fair Trading Act by the Parliament of Victoria.

	1,307,928	1,307,928
Employment related litigation	87,882	83,609
	1,395,810	1,391,537

**Note 18 - Financial instruments**

**(a) Financial risk management objectives and policies**

The Parliament of Victoria's principal financial instruments comprise of:

- cash assets;
- receivables (excluding statutory receivables);
- payables (excluding statutory payables);
- finance lease payables.

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 above are disclosed in Note 1 to the financial statements.

The main purpose in holding financial instruments is to prudentially manage the Parliament's financial risks within the Government policy parameters.

The carrying amounts of the Parliament's financial assets and financial liabilities by category are in Table 18.1 below:

**Table 18.1: Categorisation of financial instruments**

Category	2012 \$	2011 \$
<b>Contractual financial assets</b>		
Cash and deposits	59,535	48,440
Receivables <sup>(a)</sup>	94,046	62,704
<b>Total financial assets</b>	<b>153,581</b>	<b>111,144</b>
<b>Contractual financial liabilities</b>		
Payables <sup>(b)</sup>	2,068,907	1,426,383
Bank overdraft	1,402,952	1,047,572
Borrowings	3,508,025	3,120,033
<b>Total financial liabilities</b>	<b>6,979,884</b>	<b>5,593,988</b>

*(a) The amount of financial assets disclosed here excludes statutory receivables (i.e. amounts owing from Victorian Government and GST input tax credit recoverable).*

*(b) The amount of financial liabilities disclosed here excludes statutory payables (i.e. taxes payable).*

**Note 18 - Financial instruments (continued)**

**(b) Credit risk**

Credit risk arises from the contractual financial assets of the Parliament, which comprise cash and cash deposits, non-statutory receivables and other receivables. The Parliament's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Parliament. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the Parliament's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, it is the Parliament's policy to only deal with entities with high credit ratings.

In addition, the Parliament does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank. As with the policy for debtors, the Parliament's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is calculated based on past experience, and current and expected changes in client credit ratings.

The carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents the Parliament's maximum exposure to credit risk without taking account of the value of any collateral obtained.

***Financial assets that are either past due or impaired***

Currently the Parliament does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

As at the reporting date, there is no event to indicate that any of the financial assets were impaired.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. Table 18.2 discloses the ageing of contractual financial assets.

**Note 18 - Financial instruments (continued)**

**Table 18.2: Ageing analysis of contractual financial assets <sup>(a)</sup>**

	Carrying amount	Not past due and not impaired	Past due but not impaired				Impaired financial assets
			Less than 1 Month	1 - 3 months	3 months - 1 year	1-5 years	
<b>2012</b>							
<b>Receivables:</b>							
Debtors - Parliament refreshment rooms	67,217	52,058	5,966	8,376	817	-	-
Other receivables	26,829	26,829	-	-	-	-	-
<b>Total</b>	<b>94,046</b>	<b>78,887</b>	<b>5,966</b>	<b>8,376</b>	<b>817</b>	<b>-</b>	<b>-</b>
<b>2011</b>							
<b>Receivables:</b>							
Debtors - Parliament refreshment rooms	62,704	57,919	3,921	785	79	-	-
Other receivables	-	-	-	-	-	-	-
<b>Total</b>	<b>62,704</b>	<b>57,919</b>	<b>3,921</b>	<b>785</b>	<b>79</b>	<b>-</b>	<b>-</b>

*(a) Ageing analysis of financial assets must exclude the types of statutory financial assets (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).*

**(c) Liquidity risk**

Liquidity risk is the risk that the Parliament would be unable to meet its financial obligations as and when they fall due. The Parliament operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution. It also continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets and dealing in highly liquid markets.

The Parliament's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the Balance Sheet.

**Note 18 - Financial instruments (continued)**

The following table discloses the contractual maturity analysis for the Parliament's contractual financial liabilities:

**Table 18.3: Maturity analysis of contractual financial liabilities**

	Carrying amount	Nominal amount	Maturity dates <sup>(a)</sup>			
			Less than 1 Month	1 - 3 months	3 months - 1 year	1-5 years
<b>2012</b>						
<b>Payables:</b>						
Contractual payables	2,068,907	2,068,907	2,068,907	-	-	-
<b>Bank overdraft:</b>						
Unpresented cheques	1,402,952	1,402,952	1,402,952	-	-	-
<b>Borrowings:</b>						
Finance lease liabilities	3,508,025	3,743,586	443,147	286,683	1,398,629	1,615,127
<b>Total</b>	<b>6,979,884</b>	<b>7,215,445</b>	<b>3,915,006</b>	<b>286,683</b>	<b>1,398,629</b>	<b>1,615,127</b>
<b>2011</b>						
<b>Payables:</b>						
Contractual payables	1,426,383	1,426,383	1,426,383	-	-	-
<b>Bank overdraft:</b>						
Unpresented cheques	1,047,572	1,047,572	1,047,572	-	-	-
<b>Borrowings:</b>						
Finance lease liabilities	3,120,033	3,294,035	430,895	340,395	1,412,279	1,110,466
<b>Total</b>	<b>5,593,988</b>	<b>5,767,990</b>	<b>2,904,850</b>	<b>340,395</b>	<b>1,412,279</b>	<b>1,110,466</b>

(a) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

**Note 18 - Financial instruments (continued)**

**(d) Market risk**

The Parliament's exposures to market risk are primarily through interest rate risk with only insignificant exposure to foreign currency risks. Objectives, policies and processes used to manage each of these risks are disclosed below.

***Foreign currency risk***

The Parliament is exposed to insignificant foreign currency risk through its payables relating to purchases of supplies and consumables from overseas. This is because of a limited amount of purchases denominated in foreign currencies and a relatively short timeframe between commitment and settlement.

Based on past and current activities of the Parliament, it is deemed unnecessary for the Parliament to enter into any hedging arrangements to manage the risk.

***Interest rate risk***

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Parliament does not hold any interest bearing financial instruments that are measured at fair value, therefore has nil exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Parliament has minimal exposure to cash flow interest rate risks through its cash and deposits, term deposits and bank overdrafts that are at floating rate.

Exposure to interest rate risk is insignificant and might arise primarily through the Parliament's interest bearing liabilities. Minimisation of risk is achieved by undertaking fixed rate or non-interest bearing financial instruments.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates are set out in Table 18.4.

***Sensitivity disclosure analysis***

The Parliament believes that its exposure and any impacts of future government expectations, economic forecasts and the legislative environment it operates in will not render itself to any significant exposures to changing market interest rates or exchange rates in the next 12 months.

**(e) Fair value**

The Parliament considers that the carrying amount of financial instrument assets and financial liabilities recorded in the financial statements approximates their fair values because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

None of the classes of financial assets and liabilities are readily traded on organised markets in standardised form.

**Note 18 - Financial instruments (continued)**

**Table 18.4: Interest rate exposure of financial instruments**

	Weighted average effective interest rate %	Carrying amount	Interest rate exposure		
			Fixed interest rate	Variable interest rate	Non interest bearing
<b>2012</b>					
<b>Cash and deposits:</b>					
Bank deposits	-	59,535	-	-	59,535
<b>Receivables:</b>					
Debtors - Parliament refreshment rooms	-	67,217	-	-	67,217
Other receivables	-	26,829	-	-	26,829
<b>Total financial assets</b>		<b>153,581</b>	<b>-</b>	<b>-</b>	<b>153,581</b>
<b>Payables:</b>					
Contractual payables at amortised cost	-	2,068,907	-	-	2,068,907
<b>Borrowings:</b>					
Bank overdraft	-	1,402,952	-	-	1,402,952
Finance lease liabilities	6.47	3,508,025	3,508,025	-	-
<b>Total financial liabilities</b>		<b>6,979,884</b>	<b>3,508,025</b>	<b>-</b>	<b>3,471,859</b>
<b>2011</b>					
<b>Cash and deposits:</b>					
Bank deposits	-	48,440	-	-	48,440
<b>Receivables:</b>					
Debtors - Parliament refreshment rooms	-	62,704	-	-	62,704
Other receivables	-	-	-	-	-
<b>Total financial assets</b>		<b>111,144</b>	<b>-</b>	<b>-</b>	<b>111,144</b>
<b>Payables:</b>					
Contractual payables at amortised cost	-	1,426,383	-	-	1,426,383
<b>Borrowings:</b>					
Bank overdraft	-	1,047,572	-	-	1,047,572
Finance lease liabilities	6.66	3,120,033	3,120,033	-	-
<b>Total financial liabilities</b>		<b>5,593,988</b>	<b>3,120,033</b>	<b>-</b>	<b>2,473,955</b>

**PARLIAMENT OF VICTORIA**  
**Notes to the financial statements**  
**30 June 2012**

2012                      2011  
 \$                              \$

**Note 19 - Cash flow information**

**(a) Reconciliation of cash and cash equivalents**

For Cash Flow Statement purposes, cash includes cash on hand and in banks net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the balance sheet as follows:

Cash on hand <sup>(a)</sup>	- Parliament of Victoria	4,475	4,475
	- Parliament refreshment rooms	2,500	2,500
Bank balance	- Parliament refreshment rooms	52,560	41,465
		59,535	48,440
Unpresented cheques		(1,402,952)	(1,047,572)
<b>Balance as per cash flow statement</b>		<b>(1,343,417)</b>	<b>(999,132)</b>

*(a) Due to the State of Victoria's investment policy and government funding arrangements, the Parliament does not hold a large cash reserve in its bank accounts. Parliamentary expenditure, including those in the form of cheques drawn by the Parliament for the payment of goods and services to its suppliers and creditors are made via the Public Account. The process is such that, the Public Account would remit to the Parliament the cash required for the amount drawn on the cheques. This remittance by the Public Account occurs upon the presentation of the cheques by the Parliament's suppliers or creditors.*

The above funding arrangements often results in the Parliament having a notional shortfall in the cash at bank required for payment of unpresented cheques at the end of the reporting period.

At 30 June 2012, cash at bank included the amount of a notional shortfall for the payment of unpresented cheques of \$1,402,952 (2011 - \$1,047,572).

**PARLIAMENT OF VICTORIA**  
**Notes to the financial statements**  
**30 June 2012**

	2012	2011
	\$	\$
<b>Note 19 - Cash flow information (continued)</b>		
<b>(b) Reconciliation of net result for the period</b>		
<b>Net result for the period</b>	<b>1,987,623</b>	3,788,195
<b>Non-cash movements:</b>		
(Gain) / loss on sale or disposal of non-current assets	(225,463)	(162,697)
Depreciation of non-current assets	5,718,443	5,412,824
Assets received free of charge	(14,000)	-
<b>Movements in assets and liabilities:</b>		
(Increase) / decrease in current receivables	(2,262,126)	1,679,693
Decrease / (increase) in current inventories	(1,908)	1,239
(Increase) / decrease in prepayments	81,821	(490,644)
Increase / (decrease) in current payables	673,251	(3,305,440)
Increase / (decrease) in current provisions	1,054,892	(370,740)
Increase / (decrease) in non current provisions	242,011	(93,946)
<b>Net cash flows from / (used in) operating activities</b>	<b>7,254,544</b>	6,458,484

**Note 20 - Reserves**

**Physical asset revaluation surplus <sup>(a)</sup>:**

Balance at beginning of financial year	70,322,331	55,355,400
Revaluation increments / (decrements)	207,959,626	14,966,931
<b>Balance at end of financial year</b>	<b>278,281,957</b>	70,322,331

*(a) The physical assets revaluation surplus arises on the revaluation of land, buildings, library and cultural assets.*

**PARLIAMENT OF VICTORIA**  
**Notes to the financial statements**  
**30 June 2012**

**Note 21 - Summary of compliance with annual Parliamentary and special appropriations**  
**(a) Summary of compliance with annual Parliamentary appropriations**

The following table discloses the details of the various annual Parliamentary appropriations received by the Parliament of Victoria for the year. In accordance with accrual output-based management procedures 'provision for outputs' and 'additions to net assets' are disclosed as 'controlled' activities of the Parliament. Administered transactions are those that are undertaken on behalf of the State over which the Parliament has no control or discretion.

2012	Appropriation Act							Financial Management Act 1994			Total Parliamentary Authority	Appropriations Applied	Variance		
	Annual Appropriation	Advance from Treasurer	Section 3(2)	Section 29	Section 31	Section 32	Section 35 Advances	\$	\$	\$					
<b>Controlled</b>															
Provision for outputs	88,245,562	-	-	72,000	-	3,385,000	-	-	91,702,562	87,081,443	4,621,119 (a)				
Additions to net assets	4,000,000	-	-	-	-	-	-	-	4,000,000	4,000,000	-				
<b>Total</b>	<b>92,245,562</b>	<b>-</b>	<b>-</b>	<b>72,000</b>	<b>-</b>	<b>3,385,000</b>	<b>-</b>	<b>-</b>	<b>95,702,562</b>	<b>91,081,443</b>	<b>4,621,119</b>				
<b>2011</b>															
<b>Controlled</b>															
Provision for outputs	85,818,562	124,000	-	-	-	4,038,100	-	-	89,980,662	86,594,374	3,386,288 (a)				
Additions to net assets	2,000,000	-	-	-	-	-	-	-	2,000,000	2,000,000	-				
<b>Total</b>	<b>87,818,562</b>	<b>124,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,038,100</b>	<b>-</b>	<b>-</b>	<b>91,980,662</b>	<b>88,594,374</b>	<b>3,386,288</b>				

(a) The variance represents the carryover of unapplied current year appropriation to the next financial year, as approved by the Treasurer under Section 32(1) of the Financial Management Act 1994.

**PARLIAMENT OF VICTORIA**  
**Notes to the financial statements**  
**30 June 2012**

**Note 21 - Summary of compliance with annual Parliamentary and special appropriations**

**(b) Summary of compliance with special appropriations**

Authority	Purpose	Appropriations applied	
		2012 \$	2011 \$
Audit Act No. 2 of 1994	Audit of the Auditor General's Office	30,600	29,750
Constitution Act No. 8750 - Clerk of the Parliaments	Salaries	1,993	2,000
Constitution Act No. 8750 - Legislative Assembly	Salaries	550,000	550,000
Constitution Act No. 8750 - Legislative Council	Salaries	200,000	200,000
Parliamentary Contributory Superannuation Act No. 89	Benefits and allowances	9,300,000	18,000,000
Parliamentary Salaries and Superannuation Act No. 7723	Salaries and allowances	22,014,032	21,221,470
		<b>32,096,625</b>	<b>40,003,220</b>

**Note 22 - Ex-gratia payments**

Parliament made the following ex-gratia payments:

Ex-gratia payments <sup>(a)</sup>	14,160	10,551
<b>Total ex-gratia payments</b>	<b>14,160</b>	<b>10,551</b>

*(a) Payments were made to employees primarily for settlement of employment related claims.*

**Note 23 - Trust account balances**

Trust account balances relating to Trust Accounts controlled and / or administered by the Parliament:

**Administered Trusts**

Public Service Commuter Club <sup>(a)</sup>	(43,765)	(29,724)
<b>Total Administered Trusts</b>	<b>(43,765)</b>	<b>(29,724)</b>

*(a) The Parliament of Victoria's portion of the Public Service Commuter Trust is temporarily in deficit due to the timing difference between the purchase of travel tickets and reimbursements from employees. The trust's working capital is funded by the Department of Treasury and Finance.*

No Trust Accounts were opened or closed by the Parliament during 2011-12.

#### Note 24 - Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

#### Names

The persons who held the positions of Accountable Officers in the Parliament for the reporting period are as follows:

<u>Presiding Officers:</u>	<b>The Hon Bruce Atkinson MLC 1st July 2011 to 30th June 2012</b> President of the Legislative Council
	<b>The Hon Ken Smith 1st July 2011 to 30th June 2012</b> Speaker of the Legislative Assembly

#### Remuneration

Remuneration received or receivable by the accountable officers in connection with the management of the Parliament during the reporting period was in the range:

Salary Band \$	Number of Officers	
	2012	2011
120,000 - 129,999	-	1
140,000 - 149,999	-	2
160,000 - 169,999	-	1
310,000 - 319,999	1	-
320,000 - 329,999	1	-

#### Other transactions

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

**Note 25 - Remuneration of executives**

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits.

Income Band \$	Total Remuneration		Base Remuneration	
	2012	2011	2012	2011
	No.	No.	No.	No.
110,000 - 119,999	-	-	-	1
120,000 - 129,999	-	1	-	1
160,000 - 169,999	-	-	-	-
170,000 - 179,999	4	2	4	2
180,000 - 189,999	1	1	1	1
190,000 - 199,999	-	-	-	1
200,000 - 209,999	2	1	2	-
210,000 - 219,999	1	1	1	1
220,000 - 229,999	-	1	-	1
270,000 - 279,999	-	1	-	-
<b>Total numbers</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>Total annualised employee equivalent (AEE)<sup>(a)</sup></b>	<b>8</b>	<b>7.7</b>	<b>8</b>	<b>7.7</b>
<b>Total amount</b>	<b>\$ 1,504,710</b>	<b>\$ 1,632,951</b>	<b>\$ 1,499,838</b>	<b>\$ 1,466,858</b>

(a) Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

**Note 26 - Remuneration of auditors**

Victorian Auditor-General's Office

Audit of the financial statements	<b>54,000</b>	52,000
	<b>54,000</b>	52,000

**Note 27 - Subsequent events**

There have been no events after the reporting date that have a material impact on these financial statements.

## Note 28 - Glossary of terms

### **Borrowings**

Borrowings refers to interest-bearing liabilities mainly raised from public borrowings raised through the Treasury Corporation of Victoria, finance leases and other interest-bearing arrangements. Borrowings also include non-interest-bearing advances from government that is acquired for policy purposes.

### **Capital asset charge**

The capital asset charge represents the opportunity cost of capital invested in the non-current physical assets used in the provision of outputs.

### **Comprehensive result**

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other non-owner movements in equity.

### **Commitments**

Commitments include those operating and capital commitments arising from non-cancellable contractual or statutory sources.

### **Depreciation**

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transaction'.

### **Employee benefits expenses**

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

### **Ex gratia payments**

Ex gratia payment is the gratuitous payment of money where no legal obligation exists.

### **Financial asset**

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual or statutory right:
  - to receive cash or another financial asset from another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
  - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
  - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

## Note 28 - Glossary of terms

### Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

### Financial liability

A financial liability is any liability that is:

(a) a contractual obligation:

- to deliver cash or another financial asset to another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or

(b) a contract that will or may be settled in the entity's own equity instruments and is:

- a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt of delivery of the entity's own equity instruments.

### Financial statements

Depending on the context of the sentence where the term 'financial statements' is used, it may include only the main financial statements (i.e. comprehensive operating statement, balance sheet, cash flow statements, and statement of changes in equity); or it may also be used to replace the old term 'financial report' under the revised *AASB 101* (September 2007), which means it may include the main financial statements and the notes.

### Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to Parliament may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

## Note 28 - Glossary of terms

### Interest expense

Costs incurred in connection with the borrowing of funds includes interest on bank overdrafts and short term and long term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of finance leases repayments, and the increase in financial liabilities and non employee provisions due to the unwinding of discounts to reflect the passage of time.

### Interest income

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

### Net acquisition of non-financial assets (from transactions)

Purchases (and other acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. It includes only those increases or decreases in non-financial assets resulting from transactions and therefore excludes write offs, impairment write downs and revaluations.

### Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non owner changes in equity'.

### Net result from transactions / net operating balance

Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

### Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, plant and equipment and cultural and heritage assets.

### Other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. It includes:

- gains and losses from disposals, revaluations and impairments of non-financial physical assets.
- gains and losses arising from revaluation of long service leave liability

**Note 28 - Glossary of terms**

**Payables**

Includes short and long term trade debt and accounts payable, grants, taxes and interest payable.

**Receivables**

Includes amounts owing from government through appropriation receivable, short and long term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

**Supplies and services**

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the Parliament.

**Transactions**

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

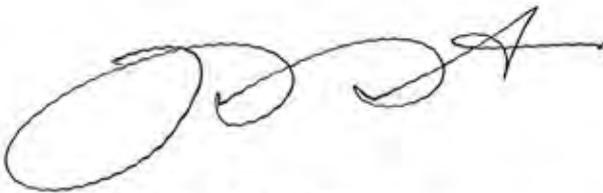
**Accountable Officers' and Chief Finance and Accounting Officer's declaration**

The attached financial statements for the Parliament of Victoria have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2012 and financial position of the Parliament of Victoria at 30 June 2012.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

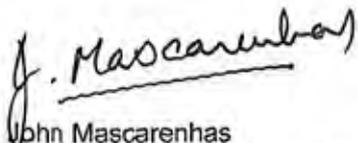
We authorise the attached financial statements for issue on 14 August 2012.



**HON KEN SMITH MP**  
Speaker of the Legislative Assembly  
Parliament of Victoria



**HON BRUCE ATKINSON MLC**  
President of the Legislative Council  
Parliament of Victoria



**John Mascarenhas**  
Chief Finance and Accounting Officer  
Parliament of Victoria

Melbourne

14 August 2012

## INDEPENDENT AUDITOR'S REPORT

### To the Presiding Officers, Parliament of Victoria

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2012 of the Parliament of Victoria which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officers' and chief finance and accounting officer's declaration has been audited.

#### *The Presiding Officers' responsibility for the Financial Report*

The Presiding Officers of the Parliament of Victoria are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Presiding Officers determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

The audit of the Parliament of Victoria is undertaken by invitation under Section 16G of the *Audit Act 1994*. Audits by invitation are not subject to section 3A(2) of the *Audit Act 1994* which requires me to consider matters relating to wastage, probity and financial prudence in the course of my audit. Accordingly, when conducting audits by invitation I am unable to report to Parliament on matters relating to wastage, probity and financial prudence.

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Presiding Officers, as well as evaluating the overall presentation of the financial report.

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

## Independent Auditor's Report (continued)

### *Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Parliament of Victoria as at 30 June 2012 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

### *Matters relating to the electronic publication of the audited Financial Report*

This auditor's report relates to the financial report of the Parliament of Victoria for the year ended 30 June 2012 included both in the Parliament of Victoria's annual report and on the website. The Presiding Officers of the Parliament of Victoria are responsible for the integrity of the Parliament of Victoria's website. I have not been engaged to report on the integrity of the Parliament of Victoria's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE  
15 August 2012



D D R Pearson  
*Auditor-General*









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