



# Annual Report 2018-19

Department of Parliamentary Services  
Parliament of Victoria



## Department of Parliamentary Services

The Hon. Shaun Leane, MLC  
President  
Legislative Council  
Parliament House  
Melbourne VIC 3002

The Hon. Colin Brooks, MP  
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 2019.

Yours sincerely,



Peter Lochert  
Secretary  
Department of Parliamentary Services

## Department of Parliamentary Services Annual Report [2018–19]

Tabled in the Legislative Council and Legislative  
Assembly on 16th October 2019  
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ISSN 1836 2648

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Cover Photography by Adam Gibson  
Photography on pages 6, 10, 29 & 39 by John Gollings

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## Secretary's Foreword



DPS Executive Team

The core business of DPS remains the provision of services to Members of Parliament, and supporting the institution of Parliament. From its creation in 2005, DPS has gradually taken on additional roles in relation to governance, compliance, service provision to independent officers of the Parliament, payroll services to the Ministry, and, with an expanding security capability, coordinating services to Ministerial offices in relation to fixated threat assessments. To many, we have become a trusted source of apolitical, professional and confidential advice and support.

Although public and institutional attention often focuses on the activities within the Parliamentary Precinct and the sitting calendar, the overwhelming majority of DPS activity and budget is dedicated to supporting the work Members and their Electorate Office staff do all year round in the 128 electorates across Victoria. Routine and day-to-day services that DPS provide in the areas of finance, risk management, people services, information technology, Hansard, library, building maintenance, catering, property and security, enable the operations of the Parliament, and provide significant support for Members to represent the communities that elected them.

As a department, we continue to face the usual challenges of increased and changing demand for services juxtaposed with increased costs and restricted resources. This becomes particularly relevant as the changing ages, profile and mode of operation of MP's newly elected in the 2014 and 2018 elections require new approaches to service and support.

To address these challenges, a second round of service reviews is underway with the dual purpose of better targeting services to the needs of Members, and delivering savings and efficiencies that enable that delivery.

Mobility, digitisation, communications, and staff capability development are reshaping all member services. New legislation and regulatory obligations require significant system and business process investment to support Members in discharging their compliance and accountability obligations.

The reporting period (2018-19) saw DPS achieve all of its service delivery and financial targets including two notable project activities in the occupancy of the new Member's Annexe and the 2018 State election.

The completion of the Member's Annexe included an intense period of bedding down and tuning a vast array of new building services and dealing with the defects liability period. Virtual networks between Member's Parliament House and electorate offices improved digital services and cyber security as have precinct IPTV, public address, and environmental management and security arrangements.

Feedback on the new Annexe has been overwhelmingly positive as the vast majority of MP's and their staff now have functional, OHS compliant offices for the first time since Parliament was established. Industry have recognised the project with nine major architectural, building, landscaping and audio-visual industry awards.

With 102 Members moved out of substandard offices in Parliament House, the building project focus has shifted to improving ministerial accommodation and addressing the services, OHS, accessibility and circulation problems that have plagued our incomplete 163 year old building for decades. The East Wing circulation works will do away with the dreaded "by-election corner" by providing compliant fire escapes to all floors on that side of the building.

The 2018 State election saw 39 new MP's elected with the resulting tasks of assisting retiring and defeated MP's, transferring electorate offices to new MP's, employing new electorate office staff, and following changes to the Public Administration and Electoral Acts, the employment of Parliamentary Advisors.

As the 59th Parliament commenced, changes in the composition, operations, standing and sessional orders of both Houses and committees have a significant impact and dependency on DPS services. Hansard, webcasting, security, building services, IT,

catering, research and library services provide a vital and direct underpinning to Chamber operations. Communications and collaboration with our House Department colleagues is vital to the effective operations of the Parliament.

The reporting period also saw significant effort and investment in dealing with cyber and physical security risks, upgrades of electorate offices, training and development, and engagement activities.

Organisationally, DPS saw the retirement of two long serving executives, Hilton Barr and Bronwen Edwards. They dedicated some 35 years of service to the Parliament between them and were part of the foundation and establishment of DPS. Hilton and Bronwen epitomised the DPS ethos of confidential, apolitical and professional service delivery.

Throughout this year, all areas have continued to achieve high levels of customer satisfaction which is a credit to the skill, professionalism, commitment and dedication of DPS staff. For this, I thank them.



**Peter Lochert**  
Secretary  
Department of Parliamentary Services

*“ Throughout this year, all areas have continued to achieve high levels of customer satisfaction which is a credit to the skill, professionalism, commitment and dedication of DPS staff. ”*

## Our Mission

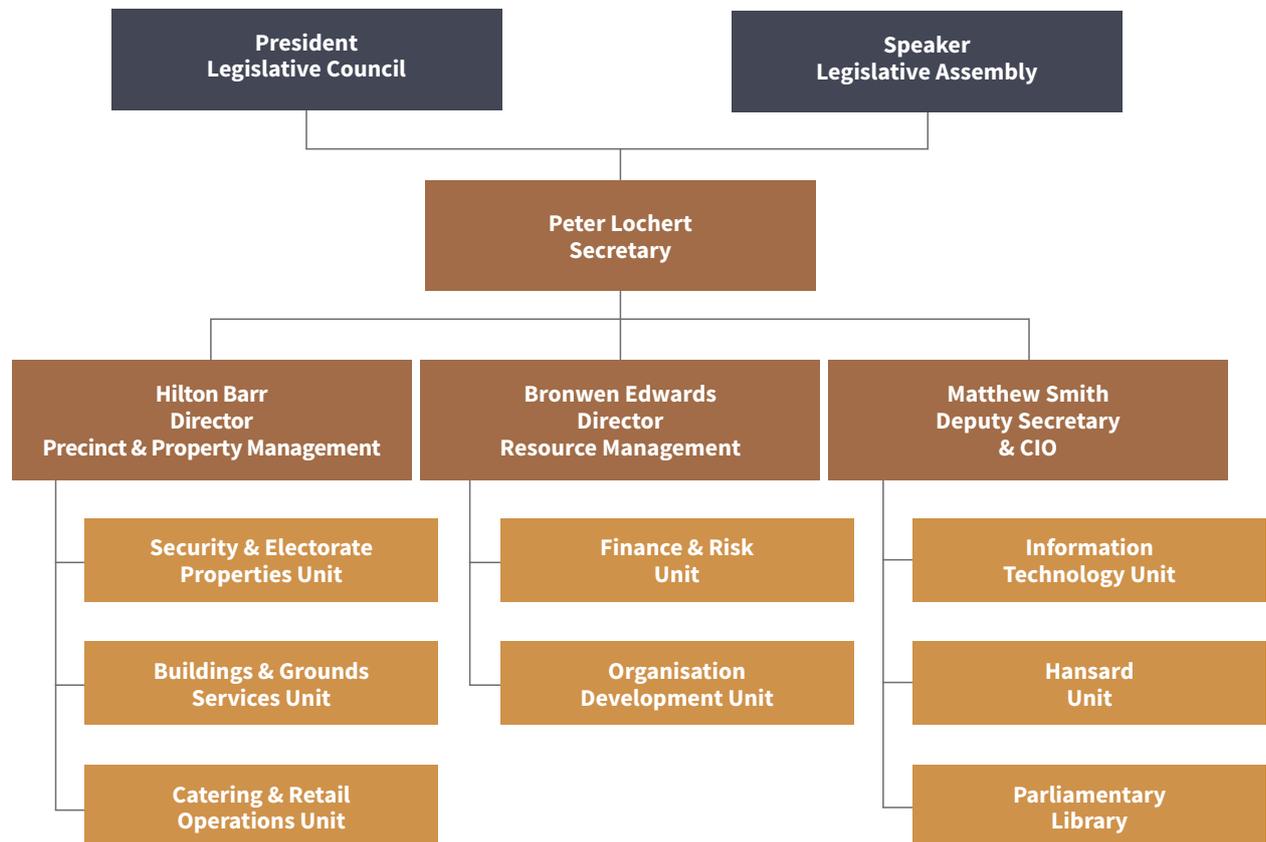
“To deliver apolitical, professional and innovative services and advice to Members of the Victorian Parliament and to support the Parliament as an institution.”



# The Department of Parliamentary Services

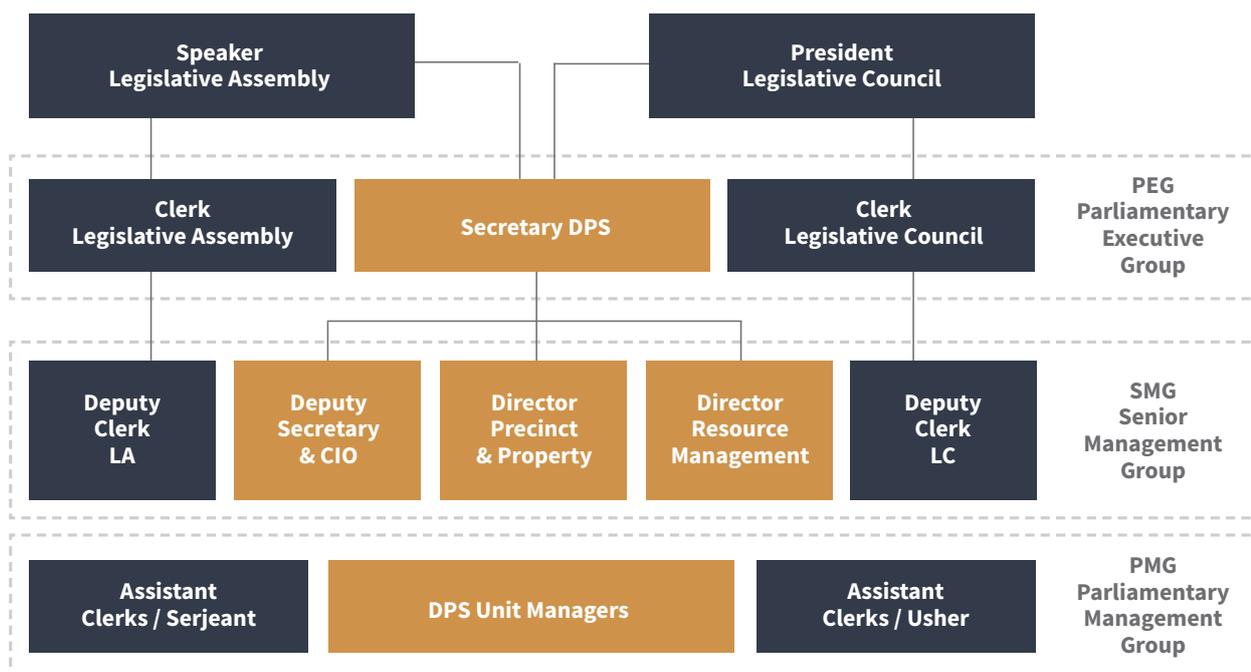
The Department of Parliamentary Services (DPS), created under the provisions of the *Parliamentary Administration Act 2005*, is responsible for the provision of infrastructure resources and support services to Members of Parliament and Parliamentary departments.

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 Parliamentary Senior Management Group (SMG) and the Parliamentary Management Group (PMG).



# Corporate Governance

## Governance structure



## 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 the 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*

## Parliamentary Values

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

- Responsiveness
- Impartiality
- Respect
- Integrity
- Accountability
- Leadership

## Underpinning Legislation

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 1968*
- *Heritage Act 1995*
- *Constitution Act 1975*
- *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019*

## 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.

The Audit Committee consists of the following members:

- The Speaker of the Legislative Assembly as Chair
- The President of the Legislative Council as Deputy Chair
- Secretary, Department of Parliamentary Services
- Clerk of the Legislative Council
- Clerk of the Legislative Assembly
- Two independent members who are not members of the Parliamentary administration. At least one external member must hold a relevant qualification in the financial/audit sector.

The main roles and responsibilities of the Audit Committee are to:

- Establish and maintain an internal audit and business risk assessment program;
- Assess the effectiveness of the Parliament's risk management framework processes;
- Assess the organisation's corporate practices and compliance with relevant laws, regulations, codes of conduct and guidelines adopted by the Presiding Officers; and
- provide integrity for or ensure integrity of financial information for inclusion in the financial statements.

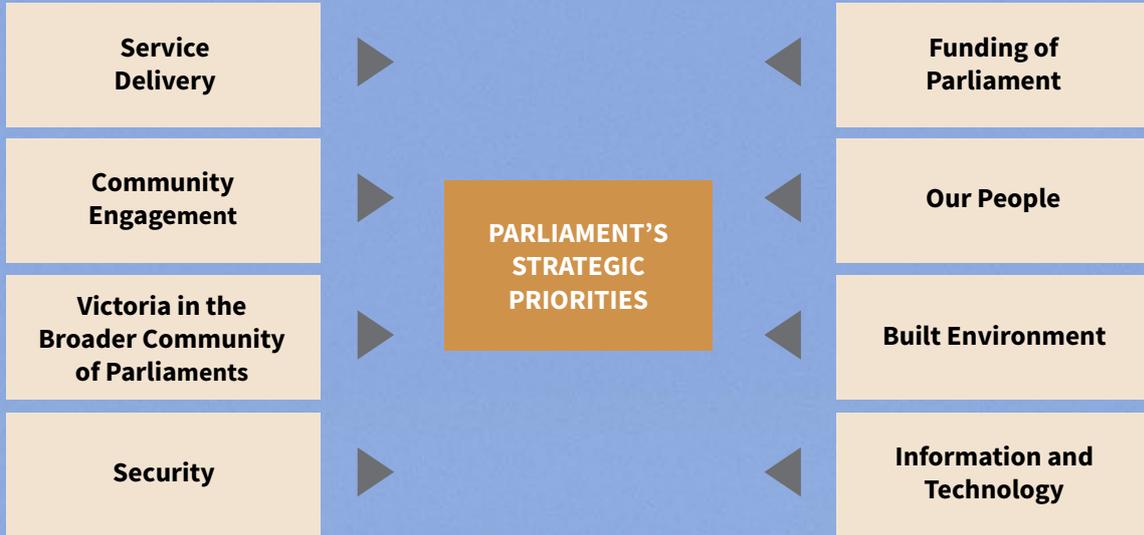
## House Committee

The House Committee is a joint committee established by the *Parliamentary Committees Act 2003*, comprising the President, the Speaker, five Members from the Legislative Council and six Members from the Legislative Assembly. It advises the Presiding Officers on the management of the refreshment rooms, gardens and building maintenance. The Speaker or the President chair committee meetings. The Secretary, DPS and his office service this committee and provide any support required.

## Security Management Board

The Security Management Board is an advisory board appointed by the Presiding Officers of the Parliament. The board's role is to assist the Presiding Officers in the discharge of their duties particularly in relation to their role as owner/operator of critical infrastructure, their joint responsibility for occupational health and safety and for the control and management of the Parliamentary Precinct. This includes: ensuring that there is adequate security for the critical infrastructure asset (based on threat identification and risk management principles); actively identifying, assessing and managing security risks; providing strategic direction on policy, practices and procedures in relation to all matters affecting security and emergency/incident management; and reviewing and sponsoring protective security infrastructure projects and improvements.

# Parliament's Strategic Priorities



## 1 Objective 1 – Service Delivery

The 58th Parliament of Victoria has created a more complex political dynamic with eight political parties represented. This diversity of political parties and Members' skills, backgrounds and preferences necessitates a broad scope of service options to provide choice.

To fulfil their roles of legislating, scrutinising and representing, Members and Electorate Officers require services to be apolitical, flexible, consistent and responsive. They seek trustworthiness, confidentiality and constructive relationships with service deliverers.

## 2 Objective 2 – Community Engagement

An ongoing aspiration is to increase community interest in Parliament and its purpose. The Parliamentary Precinct is a popular destination for the people of Victoria and attracts visitors from all over Australia and the world. Outreach programs take Parliament to the people, supplemented by online information and social media content.

## 3 Objective 3 – Victoria in the Broader Community of Parliaments

Victoria is strongly connected to the global family of parliaments. Through this network, it provides capability building to overseas parliaments and benchmarks itself against global parliamentary best practice.

Victoria will continue to be a valuable contributor to a parliamentary network that facilitates capacity building and support for the improvement of parliamentary standards in Australia, the Pacific and globally.

## 4 Objective 4 – Security

Members engage with their constituents in Parliament House and the 128 electorate offices spread across the state. Parliament recognises that security levels are likely to remain high over the foreseeable future and it will be operating within an environment where security is continuously evolving.

Ensuring the security of people in the Parliamentary Precinct and in electorate offices is of paramount importance to the effective conduct of democracy in Victoria.

## 5 Objective 5 – Funding of Parliament

Parliament is independent of government under the principle of the separation of powers. It requires appropriate funding to fulfil this role and must also demonstrate that it uses its resources effectively and efficiently.

## 6 Objective 6 – Our People

Parliament is unique. Servicing its complex needs requires highly skilled people working in a collaborative environment with an appreciation of the heritage of democracy in Victoria and the obligations associated with independence and the separation of powers.

Parliament's culture is characterised by professionalism, responsiveness, flexibility, trustworthiness, innovation and accountability. Its vision, purpose and priorities require exceptional management and leadership capabilities.

## 7 Objective 7 – Built Environment

Over the four years of the 58th Parliament, work will continue on Parliament House and the Parliamentary Precinct to protect its heritage, provide Members and staff with a safe and efficient work environment and to ensure suitable public access.

## 8 Objective 8 – Information and Technology

Members and parliamentary staff should be able to work 24/7 from diverse locations using mobile devices and multiple technologies. Parliament has an opportunity over the next four years to create a capability which integrates IT solutions to support improved business processes, information management, communications, reporting and decision making.

# Delivery on Parliament's Strategic Priorities

## Objective 1 – Service Delivery

The core business of the DPS is service provision to Members of Parliament, to Parliamentary departments, and increasingly to bodies associated with the Parliament such as the Victorian Ombudsman and the Independent Broad-Based Anti-Corruption Commission. In addition to routine corporate services and infrastructure, DPS has a role in assisting Members meet their compliance and accountability obligations.

During the reporting period, DPS met all its service delivery, customer satisfaction, and budget targets in addition to undertaking a range of major projects.

### 2018 State Election

The 2018 State election was a key project across the three Parliamentary departments. The project involved transitioning the organisation, including Members of Parliament, Parliamentary Officers and Electorate Officers, from the 58th to the 59th Parliament. A dedicated office was set up to coordinate all election related activities.

In total there were 39 seat changes at the 2018 election. As a result, audit teams comprising of Parliamentary staff pooled from all departments, made 77 visits to State electorate offices between November 2018 and January 2019, auditing offices of outgoing Members and handing over the offices to newly elected Members. At the same time, 38 new Members were inducted in December prior to the opening of the 59th Parliament. All DPS units were involved with the transition process.

Overall, both outgoing and incoming Members of Parliament provided positive feedback on the transition process with both cohorts commenting on the professionalism, efficiency and kindness shown by Parliamentary staff.

### Other service delivery and improvement initiatives included:

DPS continued its focus on streamlining systems. The Electorate Properties team established a project communications page on SharePoint, implemented a facilities management module in Vision and developed new electorate office colour and mood boards to assist Members with selecting colour schemes. The unit also supported the Parliamentary Budget Office with their office refurbishment at 55 St Andrews Place.

Over the past 12 months, the Library has continued to enhance their information and research service provision undertaking a substantial number of projects. The contact officer program was established to introduce new Members to the Library and its services, and in partnership with Hansard, a "Welcome to the library" video, was produced for all new users.

The Library Management System upgrade was completed offering better search functionality and making sections of the collection publicly available. The unit also produced various sets of interactive maps to give Members access to electorate-specific demographic information and to digitise the historical changes to Legislative Assembly electoral district boundaries. Media monitoring services were expanded and clients can opt to receive real-time SMS alerts when nominated topics are being discussed in the media.

With a continued focus on supporting Parliament's heritage, a Cultural Heritage Report was commissioned involving the development of an Art Acquisition and Deaccession Policy and the implementation of 'EMu', a cultural collections database. Recommendations from the Cultural Heritage Report will be implemented over the next 12 months including an audit of all heritage assets belonging, or on loan, to the Parliament.

The Catering and Retail unit have improved customer service satisfaction by 3% over the past 12 months through customer feedback initiatives, product control and improved customer service focus. A key highlight was the garden café which operated throughout summer as an alternative for clients while the production kitchen was closed.

The team also successfully implemented a number of waste and recycling management practices. EWater was introduced for kitchen cleaning operations, removing all chemicals and spent coffee granules are now collected by reground to provide to the Horticultural team at Melbourne Zoo for compost. To date 750kg of coffee waste has been provided.

The focus for the unit over the next 12 months will be preparing for and embracing change by investing in skills training and competent contractors to ensure the continued high level of customer satisfaction.

The Organisation Development unit developed and piloted the Time Filer electronic timesheet and payroll coding system for Parliamentary Officers with deployment to Electorate Officers scheduled for next year.

Other system enhancements include the introduction of a new Learning Management System (Talent Suite) enabling learning content to be accessed on portable devices and streamlining pre-employment processes for electorate offices. SharePoint collaboration tools and the HR Welcomes SMS system were deployed in support of the 2018 Election and HR On Board has been fully implemented for digital staff commencement, movement and cessation processes.

The unit also provided change management support for a number of different projects across the organisation including department restructures and service reviews. Provision of this support will continue over the next 12 months with the introduction of new technology and systems and ongoing service reviews.

Hansard has commenced progressive publishing with a SharePoint based publishing solution. Progressive publishing gives Members quicker and more accessible control over their Chamber contributions and provides staff and government departments with earlier access to the Daily Hansard.

To support Members to engage with their constituents on social media, Hansard has also set up a concierge service for videos of speeches to be delivered via email to Members within an hour of the contribution occurring in the Chamber. The unit is currently undergoing a service review which will be completed next year.

Over the next 12 months the Department will be focused on implementing process changes to comply with the *Victorian Independent Remuneration and Improving Parliamentary Standards Act 2019*. A cross-departmental working group has been established to coordinate the implementation.

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Precinct and Property Management Directorate

# Delivery on Parliament's Strategic Priorities

## Output Measures

### Legislative Assembly

Outputs	Unit of Measure	Target As at 30 Jun 19	Actuals As at 30 Jun 19
<b>Quantity</b>			
Procedural References updated biannually	Number	2	2
Regional visits to schools to conduct Parliamentary role plays	Number	5	6
<b>Quality</b>			
Bills and amendments processed accurately through all relevant stages in compliance with constitutional requirements and standing orders	Percent	100%	100%
Member satisfaction that advice is responsive, prompt, clear and objective	Percent	80%	98%
Teacher satisfaction with tours of Parliament for school groups	Percent	95%	100%
<b>Timeliness</b>			
Documents tabled within time guidelines	Percent	90%	100%
House documents available one day after sitting day	Percent	100%	100%
Online information relating to bills updated within one day	Percent	95%	100%
<b>Total output cost</b>	<b>\$ million</b>	<b>38.8</b>	<b>33.6</b>

### Legislative Council

Outputs	Unit of Measure	Target As at 30 Jun 19	Actuals As at 30 Jun 19
<b>Quantity</b>			
Procedural references updated biannually	Number	2	2
<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%
Member satisfaction with accuracy, clarity and timeliness of advice	Percent	80%	95%
<b>Timeliness</b>			
Documents tabled within time guidelines	Percent	90%	90%
House documents and other sitting-related information available one day after sitting day	Percent	95%	95%
<b>Total output cost</b>	<b>\$ million</b>	<b>19.8</b>	<b>17.6</b>

## Parliamentary Investigative Committees

<b>Outputs</b>	<b>Unit of Measure</b>	<b>Target As at 30 Jun 19</b>	<b>Actuals As at 30 Jun 19</b>
<b>Quantity</b>			
Reports tabled per annum	Number	15	25
<b>Quality</b>			
Committee members satisfied that advice about procedure, research and administration is responsive, clear, objective and prompt	Percent	80%	87%
Inquiries conducted and reports produced in compliance with procedural and legislative requirements	Percent	95%	100%
<b>Timeliness</b>			
Reports tabled in compliance with procedural and legislative deadlines	Percent	95%	100%
<b>Total output cost</b>	<b>\$ million</b>	<b>7.7</b>	<b>7.5</b>

## Parliamentary Services

<b>Outputs</b>	<b>Unit of Measure</b>	<b>Target As at 30 Jun 19</b>	<b>Actuals As at 30 Jun 19</b>
<b>Quantity</b>			
Scheduled availability of IT systems (network, email, and windows file and print)	Percent	99%	99%
Monthly management reports to MPs and departments within five business days after closing monthly accounts	Number	12	12
Percentage of parliamentary chamber proceedings captured on audio and video	Percent	99%	100%
Provide MPs with an approved standard electorate office	Percent	95%	98%
<b>Quality</b>			
Provide MPs with an approved standard electorate office	Percent	1	1
Clients satisfied with quality of information provided by library staff	Percent	85%	98%
Maintain and secure the parliamentary precinct and have it available for legislative program	Percent	95%	100%
<b>Timeliness</b>			
Indexes, records and speeches and transcripts provided within agreed timeframes	Percent	90%	93%
Payroll processing completed accurately and within agreed timeframes	Percent	99%	100%
<b>Total output cost</b>	<b>\$ million</b>	<b>116.6</b>	<b>110.4</b>

# Delivery on Parliament's Strategic Priorities

## Objective 2 – Community Engagement

Community engagement continues to be a priority pursued through activities ranging from Open House and Open Day to programs in education, Library internships and fellowships, as well as targeted activities with a broad range of professional, cultural and community organisations.

The Parliamentary Internship Program continued with the first semester in 2019 seeing 26 interns from Monash and Melbourne Universities placed with 26 Members of Parliament, 16 of which were newly elected. The Australian Catholic University commenced their first Internship program in semester two, 2019 joining Swinburne and Latrobe Universities. Next year will mark the Program's 30th Anniversary.

Dr Brian Coffey a fellow from RMIT, delivered a research paper and seminar to Members on Victoria's environmental governance called 'Towards Good Environmental Governance'. Dr Marilyn McMahon from Deakin University continued to undertake her research fellowship into the topic of 'No Bail, More Jail: Risk, Community Protection and Bail Determinations.'

Six Library seminars were held which attracted 170 attendees. The topics included:

- Biomedical Innovations;
- Homelessness;
- Environmental Governance;
- Autonomous Vehicles;
- Victoria's Waste
- and Energy Storage.

Three Research Papers were written titled; Victorian Crime Statistics by LGAs (Aug 2018); Land and Water Rights of Traditional Owners in Victoria and The 2018 Election (June 2019);

The Deakin Oration is a joint project between the Library and the Community Engagement and Education Unit (CEEU). In 2018 Nobel Peace Prize Winner for 2017, Dr Tillman Ruff AM, Chair of the International Campaign to Abolish Nuclear Weapons spoke about the consequences of nuclear weapon use.

Also in conjunction with CEEU, the Library facilitated and supported the development and delivery of the three part lecture series called 'Foundations – Architecture With Influence' during Australian Heritage Week. The new Parliamentary Annexe featured at one of the seminars with Peter Elliott, Principal Architect speaking on the topic.

The Library's Heritage team continued their contribution to Parliament's community engagement initiatives in collaboration with other cultural institutions. Heritage staff coordinated the display and design for Hansard's Aboriginal Lexicon display for the Year of Indigenous Languages and NAIDOC Week including hosting the Aboriginal Honour Roll, facilitating the inductees' ceremony in Queen's Hall, and promoting an exhibition and tours for NAIDOC Week. In consultation with the National Gallery of Victoria and the University of Melbourne, the team completed the complex process of commissioning and overseeing the installation of eight posthumous Premiers' Portraits in Premiers' corridor. During Rare Book week 2018, Heritage staff held three presentations called 'A Gentleman's Library' with 120 participants.

The Heritage team also worked closely with the Victorian Tapestry Workshop to clean, conserve and re-locate Parliament's Coat of Arms tapestry originally commissioned by the Workshop in 1976, and oversaw the conservation of Clarence, a lion Marquette cast by John Mackennal in 1890. Clarence was originally intended to be located on the front steps of Parliament House but can now be seen on display in the North Library.

Strangers Corridor High Tea offering is listed in the top five Melbourne High Tea experiences and the Catering team now also offers morning tea promotions at Parliament House during non-sitting weeks.

To support Parliament's community engagement activities, Hansard partnered with CVP productions to produce a live broadcast of the Opening of the 59th Parliament.



Clarence the Lion

### Objective 3 – Victoria in the Broader Community of Parliaments

Over the past year, staff from the New South Wales Parliament visited the Organisation Development team on two occasions to observe the induction program for new Members and to get an overview of how the team is currently utilising the HR On Board product.

Staff from the Information Technology (IT) unit and the Legislative Assembly travelled to Tasmania in October 2018 for the 15th Australia and New Zealand Parliamentary Information Technology (ANZPIT) conference. The annual conference provides an opportunity for Parliamentary Officers to meet, share ideas and discuss common challenges faced across jurisdictional boundaries in relation to IT. The conference included presentations on mobile device management, the importance of a digital strategy, the Parliamentary Information Management System, implementation of Microsoft Office 365 and jurisdiction updates. A key highlight was the presentation from keynote speaker Ms Caroline Auty from the Westminster Digital Service on 'A Journey to Benefit Management'.

Victoria will host the 16th ANZPIT conference in September 2019, themed 'IT starts with Us'. The annual Meeting of Chief Executives of Parliamentary Services will also be hosted in Victoria in July 2019.

Over the past year DPS has continued to collaborate with other Parliamentary jurisdictions in the areas of heritage, building restoration and security, and included visits to other Parliaments in Australia, the United Kingdom and Germany. The Victorian Parliament hosted staff on attachments from Australia, Tonga and the Federated States of Micronesia Parliaments. DPS staff assisted other colleagues in Tonga, Fiji, Samoa and Tuvalu through a range of strategic planning, IT support and capability development initiatives. Following the destruction of the Tongan Parliament building by Cyclone Gita, the Victorian Parliament also provided assistance with a scoping study on the construction of a new parliament building.



# Delivery on Parliament's Strategic Priorities

## Objective 4 – Security

The security upgrade of electorate offices continued with new electronic security overlay infrastructure implemented at 46 sites. Overlays at all other electorate offices will be completed over the next 12 months. Electorate office risk assessments will also be completed.

The access control system has been separated from Treasury Reserve and is now managed in-house. Challenges for the coming year will be balancing work to separate security from Treasury Reserve and securing internal security integrator technical support.

Hostile vehicle mitigation (bollards) have been installed at Parliament House. A Ministerial Office Incident Support System has been implemented for communications of a concerning nature to security.

Emergency management remains a key focus for the Security team with the development of an online emergency management program for staff and the implementation of Versa platform emergency management wayfinding software. The next phase of development in Noggin and Versa will be completed next year. The Security team will also develop the next stage of security awareness training for Members and staff.

Challenges for the coming year include amendments to the *Parliamentary Precincts Act 2001*, ongoing physical security upgrades on the Parliamentary Precinct and visitor management.



## Objective 5 – Funding of Parliament

The Finance and Risk Unit manages all financial processes ranging from budgeting and planning, accounts payable and receivable functions, internal and external financial reporting, risk management and compliance with taxation and legislative requirements. During the 2018-19 financial year 90% of supplier invoices were paid within five business days of receipt by the unit.

As expected, the election transition was a busy period for the Unit, creating financial reports and delegations for the newly elected Members.

Throughout the year the unit has also continued to expand its implementation of the Oracle Enterprise Resource Planning Cloud, delivering fit for purpose financial systems that provide benefits of improved financial control and allow Parliament to ensure the efficient and effective use of public funds. The Oracle Cloud system also meets one of Parliament’s strategic objectives to digitise and streamline processes with the aim of providing anywhere, anytime services to Members and staff.

During the past 12 months the unit has rolled out the Oracle Procurement, Expenses Reimbursement and Credit Card Expenses modules to Parliamentary departments. The Oracle Planning and Budgeting Cloud Service reporting tool was also implemented which improves budgeting and financial reporting capabilities. Further modules will be deployed next year.

A key challenge for the unit over the next 12 months will be implementing the requirements of the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019* including extending the Oracle Cloud Procurement and Expenses modules to the Members’ electorate offices.

The team will also be focused on improving Parliament’s asset management processes and records using the Oracle Cloud Asset Management module, and any other required systems.





PAEC 2019-20 Budget Estimates Hearings, 31 May 2019  
Briefing Paper No. 1

**No 4.01 - RECONCILIATION OF APPROPRIATION BILL 2018-19 & 2019-20 TO BUDGET PAPER NO. 3**

	LEGISLATIVE COUNCIL		LEGISLATIVE ASSEMBLY		PARLIAMENTARY SERVICES		JOINT INVESTIGATORY COMMITTEES		TOTAL - EXCLUDING VAGO & PBO	
	2018-19 BUDGET	2019-20 ESTIMATED BUDGET	2018-19 BUDGET	2019-20 ESTIMATED BUDGET	2018-19 BUDGET	2019-20 ESTIMATED BUDGET	2018-19 BUDGET	2019-20 ESTIMATED BUDGET	2018-19 BUDGET	2019-20 ESTIMATED BUDGET
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.	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's
<b>FIGURES PUBLISHED IN APPROPRIATION BILL</b>	4,613	5,868	4,981	6,826	112,274	121,281	7,451	5,746	129,319	139,721
ADD SPECIAL APPROPRIATIONS	15,237	15,301	33,609	33,754					48,846	49,055
LESS ATNAB INCLUDED IN BILL					-1,920				-1,920	-
ESTIMATED OUTPUT CARRYOVER					5,932	6,281			5,932	6,281
GRANT RECEIVED FROM DECD					28	28			28	28
SECTION 29 RECEIPTS RETENTION AGREEMENT					280	313			280	313
OTHER REVENUE (RECOUPMENT OF EXPENSE, SECONDEES ETC)									-	-
<b>TOTAL APPROPRIATIONS</b>	19,850	21,169	38,590	40,580	116,594	127,903	7,451	5,746	182,485	195,398
ROUNDED TO MILLIONS	19.9	21.2	38.6	40.6	116.6	127.9	7.5	5.7	182.5	195.4
<b>FIGURES PUBLISHED IN BUDGET PAPER 3</b>	19.8	21.2	38.6	40.6	116.6	127.9	7.5	5.7	182.5	195.4
<i>Rounding Difference</i>	0.05	-0.03	-0.01	-0.02	-0.01	0.00	-0.05	0.05	-0.01	-0.00

# Delivery on Parliament's Strategic Priorities

## Objective 6 – Our People

### Staff Profiles



#### Steven Nikolovski

Steven joined the Security and Electoral Properties Unit (SEPU) in May 2018 as a Security Administration Officer, coming from youth mental health organisation Headspace. Whilst enjoying his time there helping young people and reducing stigma around mental health, after 10 years it was time for a change. Steven's past work experience, loyalty

and passion for the new job really shone through during his interview, even though we had to look past the black eye (football injury on the weekend prior)!

The election came at a good time in Steven's development and the chaos really sped up the learning curve for Parliament work life. This is where Steven's organisation skills came to the fore liaising with the locksmiths for all the re-keying required. Steven also volunteered to be an attractive items auditor to further understand the operations and general setup of an electorate office.

Being a team player and always keen to get out and visit offices, Steven played a crucial role in the latest phase of security upgrades where access control and CCTV cameras are installed in Members' offices. A good eye for faults and being technically savvy helped solve some issues and will no doubt help with the next phase of installations.

Outside of work, Steven is a massive sports fan. Particularly football, he is a passionate Collingwood member and supporter and is still licking his wounds from last season's heart break. He was seated with a perfect view of Sheed's match winning goal. He is a life member at the Rosanna Cricket Club where he has played for over 20 years and spent many years on the committee. A keen golfer who is building his confidence back after a case of the shanks (and a sore back) and race horse owner. He really does tick the crazy sports fan box!

Also a fan of cinema and TV, you can always stop him and ask for his views on what to watch. Just stop short of mentioning Game of Thrones as the disappointment of the final season writing really cuts deep and you could get trapped as he reels off why it was so bad.

In May this year Steven tied the knot with the love of his life and best friend in a lovely ceremony and celebration in Warrandyte. Being from a Macedonian background and upholding some of those traditions made it a special day and night that everyone enjoyed. The plan is to start a family and move to their house in Mernda in the coming years that they are currently renting out. A bright career with Parliament and family is ahead.

## Delivery on Parliament's Strategic Priorities



### Laurence McGlade

Laurence joined Parliament as the Financial Accountant in February 2017. He enjoys the variety of work that offers exposure to all the departments of the Parliament.

On arriving to Parliament Laurence hit the ground running, taking a key role in the testing and implementation of the new Oracle finance system. This involved user

testing of the system's processes and validation of data being migrated from the old on premises system to the cloud. Since implementation of Oracle in April 2017, Laurence has been keen to work on further projects to continue its development.

Prior to working at Parliament, Laurence worked at the University of Melbourne, where he provided support to researchers in the University's Faculty of Medicine and its associated research institutes, such as Peter Mac and the Florey Institute. Laurence enjoyed being able to contribute in a small way to world leading medical research that involved researchers not only in Australia, but right across the world, often engaging with institutions throughout Europe and the United States of America (USA).

He enjoys travelling around the world, visiting destinations throughout Europe, Asia and the USA. Visiting Europe in 2016, Laurence made his way through 10 countries over three weeks, enjoying the changing scenery, culture and cuisines. Highlights of the holiday included paragliding and white water rafting through Austria, watching a show at the Moulin Rouge, and riding a gondola in Venice.

Laurence is a bit of a foodie and enjoys visiting the many great restaurants and bars throughout Melbourne and country Victoria. Particular cuisines of interest include Italian and Japanese among others. To complement an interest in food, Laurence also enjoys spending time in the garden where he grows a variety of different fruits and vegetables including figs, lemons and plums.

Laurence likes to keep physically active by pursuing a wide range of different activities from going to the gym after work, running around the Tan, occasionally filling in a weekend indoor cricket team, and having a casual hit of tennis.



### Sandra Beks

Sandra grew up on a dairy farm near Warrnambool. While studying for her Library Technician qualifications at Prahran TAFE she worked part time at St Anne's College and Monash University. Once qualified, Sandra took a position at Haddon near Ballarat that involved setting up a library at a small country school. Sandra remembers well the day of her interview

for the role of Library Technician at the Parliamentary Library - she was asked if she was scared of heights. Her farm experience armed her with the capacity to fearlessly scale the library ladders that she continues to do to this day.

In December 1985, work commenced on washing and painting of the central chamber of the Parliamentary Library. This necessitated moving all of the collection and furniture out of the areas being worked on and back when work was completed. The Parliamentary Library was in a state of transition in regard to the collection and related records. For the transition to be effectively completed, Sandra was appointed as a Library Technician on 8 December 1986, to assist with the relocation of monographs both within the central chamber and to the St Andrews store. Pope John Paul II was also visiting Melbourne; Parliament, and indeed the whole city, was abuzz.

When Sandra joined Parliament, she was part of the Technical Services and Government Publications teams, based in the Lower Library, comprising seven people. One of Sandra's first jobs was filing catalogue cards. Over the years she has taken on a large and diverse range of duties. Today, she has a more complete knowledge of the collection and acquisition processes than anyone and an almost magical ability to find lost or mis-shelved books and to harvest grey literature. Sandra is a thorough professional, admired for her dedication to her job, and loved for her friendly, bubbly countenance. She has witnessed significant changes to the library over her almost 33 years at Parliament including the introduction of web based technologies and cataloguing methods.

Recently Sandra played a key role in the project to migrate the library catalogue from a twenty-year old on-site system to a new cloud-based system. This was a major project that could not have been accomplished without Sandra's complete understanding of the legacy system's workflows, accompanied by an in-depth knowledge of the library's collections. Her positive attitude, expert knowledge and sound advice helped to ensure the smooth migration to the new catalogue and successful completion of the project.

Outside of work her passion – apart from walking Millie, her neighbour's Groodle – is sport. She brightens the standard monochrome Collingwood garb with a splash of pink on game days; and she takes dedicated Long Sports Leave most Januarys to go to the cricket and the tennis.

## Delivery on Parliament's Strategic Priorities



### Mr Fox

Photo by Stuart Grimley MLC

It's not often that a fox is given air time on the local news, but that is what has happened recently. I must've been focussing entirely too much on the vegetation to realise I was being filmed! So there I was frolicking around in the garden bed of Parliament's Annexe, only to be captured doing so and

making that evening's news. I must say though, my best side was certainly captured. I have now become quite popular and have been asked for a profile in this year's Annual Report. Fame is undoubtedly something I could get used to.

You could say that I have been living in the shadows of Parliament House for a little while now, and with all the work that was done with constructing the new Parliamentary Annexe, I was a bit wary to venture out. But since this has all been completed, and I must say, what a delightful structure it is, I have been enjoying roaming around and greeting Members through their office windows. It's all still so very new for me, seeing all these people but the reception so far has been very friendly. I must admit, I do miss the old chook house though.

I am very much enjoying the attention. People have been kind so far and have allowed me to wander. Who knows, perhaps there's a future in politics for me! But for now, I'll continue to shake my bushy tale and to enjoy the attention.

## Employment Framework

Two enterprise agreements outline conditions of employment for Parliamentary employees (excluding Executives). The Parliamentary Officers' (Non-Executive Staff – Victoria) Single Enterprise Agreement 2016 applies to Parliamentary Officers, and the Electorate Officers (Victoria) Single Enterprise Agreement 2017 applies to eElectorate Officers.

## Details of employment levels in June of 2018 and 2019

### Department of Parliamentary Services

	2019			2018		
	Ongoing		Fixed term and casual employees	Ongoing		Fixed term and casual employees
	Employees (Headcount)	FTE	FTE	Employees (Headcount)	FTE	FTE
<b>Gender:</b>						
Male	72	70.59	15.47	66	65.00	19.32
Female	65	60.38	19.91	59	54.38	14.69
<b>Total</b>	<b>137</b>	<b>130.97</b>	<b>35.38</b>	<b>125</b>	<b>119.38</b>	<b>34.01</b>
<b>Age</b>						
Under 25	1	1.00	0.40	1	1.00	0.90
25-34	31	29.80	12.91	28	27.54	11.07
35-44	32	29.90	8.30	29	26.76	6.79
45-54	37	35.98	5.60	36	34.98	6.15
55-64	29	27.59	5.31	25	23.40	7.68
Over 64	7	6.70	2.86	6	5.70	1.42
<b>Total</b>	<b>137</b>	<b>130.97</b>	<b>35.38</b>	<b>125</b>	<b>119.38</b>	<b>34.01</b>
<b>Classification</b>						
VPS 1	0	0	0.00	0	0	0.00
VPS 2	7	7	3.07	5	5	3.14
VPS 3	43	40.39	4.00	39	36.86	5.00
VPS 4	26	24.68	10.15	24	23.02	8.73
VPS 5	37	35.3	14.67	35	32.9	12.88
VPS 6	18	17.7	2.49	18	17.7	2.36
VPS 7	1	1	0.00	1	1	0.00
Other	0	0	0.00	0	0	0.90
Executive	5	4.9	1.00	3	2.9	1.00
<b>Total</b>	<b>137</b>	<b>130.97</b>	<b>35.38</b>	<b>125</b>	<b>119.38</b>	<b>34.01</b>

## Delivery on Parliament's Strategic Priorities

### Electorate Officers

	2019			2018		
	Ongoing		Fixed term and casual employees	Ongoing		Fixed term and casual employees
	Employees (Headcount)	FTE	FTE	Employees (Headcount)	FTE	FTE
<b>Gender:</b>						
Male	146	102.42	30.85	146	102.17	20.02
Female	244	172.8	35.47	276	188.08	30.56
Other	1	0.8	0.00	0	0	0.00
<b>Total</b>	<b>391</b>	<b>276.02</b>	<b>66.32</b>	<b>422</b>	<b>290.25</b>	<b>50.58</b>
<b>Age</b>						
Under 25	62	32.70	18.13	53	28.21	14.00
25-34	91	71.89	11.62	102	74.55	14.92
35-44	71	52.05	14.25	81	54.31	9.47
45-54	83	60.44	13.09	81	56.96	4.64
55-64	69	48.14	7.08	84	62.52	4.67
Over 64	15	10.80	2.15	21	13.70	2.88
<b>Total</b>	<b>391</b>	<b>276.02</b>	<b>66.32</b>	<b>422</b>	<b>290.25</b>	<b>50.58</b>
<b>Classification</b>						
Other	391	276.02	66.32	422	290.25	50.56
<b>Total</b>	<b>391</b>	<b>276.02</b>	<b>66.32</b>	<b>422</b>	<b>290.25</b>	<b>50.56</b>

## Learning and Development

Parliamentary Officers participated in a wide range of learning and development programs to ensure a safe work environment (including OH&S manual handling, Cybersecurity, First Aid and Workplace Behaviour). Staff received training in the use of applications (including Oracle Fusion, Noggin OCA, SharePoint, MS Word, Excel and Adobe programs). Staff also participated in professional development and capability programs (including system administration, project management, parliamentary procedure, performance management, plain English and managing ill/injured employees).

Specific programs were developed for 50 staff to support the election including training for each audit officer role and diverse communication strategies for sensitive situations. The Grade 4/5 Leadership Program for emerging leaders continued and the majority of its workshops were held in this financial year. TMS Consulting delivered sessions to the group which included Communication and Behavioural Preferences, Leading with Influence and Trust and Creating Effective Teams. This year's cohort submitted their workplace project at a general staff meeting and to senior management. Aligning with the Parliament's strategic direction to increase community engagement, the group was tasked with the development of an Accessibility Action Plan.

Parliamentary Officers attended a total of 144 learning activities during the year with 1,153 training participants recorded.

Electorate Officers participated in one of the 13 Electorate Officer induction programs or the two orientation programs reflecting the increase in new Electorate Officers after the election. Specific programs were provided to support Electorate Officers prior to the election (including mastering career transition and strategies for managing challenges). Post-election programs were provided at Parliament and in regional locations to support new Electorate Officers (including media release training, how to set up a high performing electorate office, managing diaries with Microsoft Outlook and managing budgets). Electorate Officers continued to participate in other programs (including Adobe programs and writing newsletters).

Electorate Officers attended a total of 62 learning activities during the year with 687 training participants recorded.

The Learning and Development team implemented the first phase of a new Learning Management System (LMS). This system included new learning content created by the team and is accessible to all staff on mobile devices and tablets. The first phase of the new LMS enabled new Electorate Officers to access and complete on-line compliance programs prior to their commencement.

New Members of Parliament participated in an induction day prior to the opening of the 59th Parliament and the Legislative Assembly and Legislative Council have provided ongoing procedural training seminars and access to an online procedural database. Members of Parliament participated in information seminars on the Independent Remuneration Tribunal, superannuation and a series of programs coordinated by the Library and the Academy of Technology and Engineering.

## Employee Relations

The Parliamentary Officer's (Non-Executive Staff Victoria) Single Enterprise Agreement 2016 and the Electorate Officers' (Victoria) Single Enterprise Agreement 2017 remained in operation during 2018-2019. Negotiation of a new Parliamentary Officer Enterprise Agreement and new Parliamentary Adviser Enterprise Agreement will commence next financial year.

The *Parliamentary Committees Act 2003* was amended to restructure the Joint Investigatory Committee resulting in change to the Committee Secretariat.

The *Parliamentary Administration Act 2005* was amended, modifying the duties of an Electorate Officer that may be determined by the Member of Parliament who nominated the Electorate Officer for employment.

The *Parliamentary Salaries and Superannuation Act 1968* was amended to adjust the remuneration of Members of Parliament as part of wider changes establishing the Victorian Independent Remuneration Tribunal.

# Delivery on Parliament's Strategic Priorities

## Occupational Health and Safety and Employee Welfare

During the reporting period, the Organisation Development unit coordinated a wide range of OH&S and staff wellness activities with a focus on manual handling awareness training delivered to all Parliamentary Officers. The Corporate Wellness program continued the focus on prevention with programs such as flu vaccinations, heart health checks, skins checks and sun smart

awareness. These programs and other activities were available to a large number of staff and Members. This included staff involvement in external activities such as Australia's Biggest Morning Tea, Jeans for Genes Day fundraising and blood bank donations. A new OHS Incident Management System was also implemented.

## Occupational Health and Safety Key Statistics

Measure	Description	Result
Incidents and hazards	Number of incidents	33
	Number of reported hazards	74
Claims (reported during the year)	Number of minor claims*	2
	Number of standard claims**	3
	Number of lost time claims	2
	Number of claims exceeding 13 weeks	0
	Return to work compliance	2
OH&S Committee	Committee Meetings	7
	OH&S Representative initial and refresher training participation	100%
Hazard Inspections	Workplace hazard inspections	16
Corporate Wellness Activities	Number of participants	482

\* Minor claim – a claim that exceeds the annual indexed thresholds for medical and like expenses and/or lost days.

\*\* Standard claim – a claim that exceeds the threshold limits.

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

## Occupational Health and Safety Incidents

Breakdown of OH&S Incidents			
6	Bruising or swelling	8	Soft tissue, ligament or tendon damage
6	Cut or abrasion	6	Sprain or strain
3	Headache / dizzy / nausea	1	Respiratory condition
1	Infection	2	Burn/electrocution/shock

## Occupational Health and Safety Training

Type of training	Number of staff attending
Equal Opportunity Contact Officer	6
Manual Handling	142
Health and Safety Representative	8
Food Handling	7
Managing ill and injured employees	12
Mental Health First Aid	1
First Aid	17
Emergency Management	75



# Delivery on Parliament's Strategic Priorities

## Objective 7 - Built Environment

Over the past year a number of significant projects have been delivered across Parliament House and 55 St Andrews Place. The Buildings and Grounds Unit liaised with all key stakeholders across the Parliamentary Precinct to ensure all objectives and outcomes were successfully achieved.

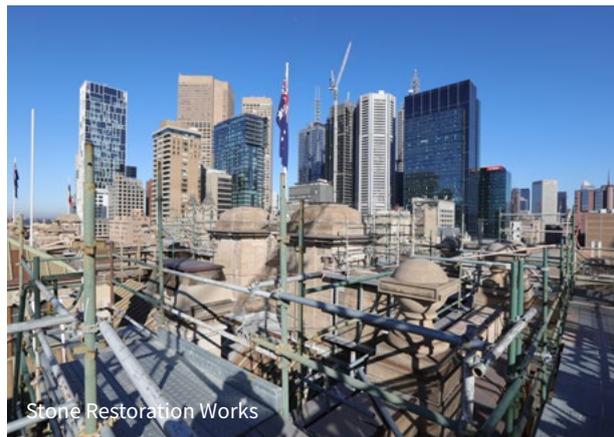
Over the next 12 months, the Unit will be focused on delivering the next stage of the East Wing project to greatly improve the circulation of people within Parliament House while refurbishing levels 4 and 5. The ability of the precinct and occupants to withstand the number of building projects within Parliament House remains an ongoing challenge and their cooperation and understanding so far has been appreciated.



Stone Restoration Works

## Heritage and Stone Restoration

Stage 11 of this project, has seen the restoration of the northern colonnade and steps of the Spring Street facade. The Buildings and Grounds team have taken the opportunity to complete a number of repairs via the stonemasons, including lighting upgrades, bird deterrents, painting and windows. With Stage 11 completed in June 2019, O'Connors and Sons Stonemasons will start decanting the gantry and move to the southern colonnade and steps of the Spring Street facade, leading to the commencement of Stage 12 of this project.



Stone Restoration Works



Stone Restoration Works



Stone Restoration Works



Stone Restoration Works



Stone Restoration Works



Stone Restoration Works



Stone Restoration Works



Stone Restoration Works

# Delivery on Parliament's Strategic Priorities

## Building function

With Members' relocation into the new Annexe building, the Buildings and Grounds team, with the support of the Executive team are reviewing areas within Parliament, restoring (influenced by the original Kerr design) and improving the use of the building for Members, Parliamentary staff and the public.

### *Legislative Council Ministerial Wing:*

The original Legislative Council (LC) housekeeper's flat located on the ground floor of Parliament House has been transformed into a ministerial wing. The early works provided some interesting finds, including the original wallpaper from the housekeeper's flat, a long hidden fire place, and a trap door in the housekeeper's drawing room which leads to a cellar.

The Ministerial Wing now consists of five Ministerial offices which can accommodate up to three Ministerial staff, a technically improved meeting room as well as bathrooms and a kitchenette. Ministers moved into the offices in May 2019.



## *Hansard offices*

Hansard began transcribing and publishing the debates of both houses during the fifth Parliament of Victoria. Originally comprising of three former Argus reporters, the Hansard team now consists of a manager, editors, subeditors, reporters, audio-visual, broadcasting, publishing and business support officers. Evidently, the modern Hansard team had outgrown the original office space and furniture. To make the Hansard office more efficient and fit-for-purpose, the staffroom and printing equipment were relocated from the main working area to the back of the corridor by opening up five small offices into one large kitchen space. The existing staffroom was then transformed into two offices with three workstations in each.



Hansard offices project

# Delivery on Parliament's Strategic Priorities

## Electorate Offices

Over the past 12 months the Security and Electorate Properties Unit have completed four refurbishment office projects while also being involved with each of the 77 electorate office audits as part of the 2018 election transition.

The current Electorate Office Standards will be undergoing a comprehensive review this year to reflect contemporary standards for office accommodation to best meet the needs of Members.



Victorian Architecture Medal

## Architecture awards for Parliamentary Annexe

The new Parliamentary Annexe designed by Peter Elliott Architecture and Urban Design won five of the 2019 Victorian Architecture Awards.

The awards were presented by the Australian Institute of Architects Victorian Chapter at a ceremony held in June 2019.

The building was awarded the Victorian Architecture Medal, the Melbourne Prize, the Joseph Reed Award for Urban Design, the William Wardell Award for Public Architecture and the Allan and Beth Coldicutt Award for Sustainable Architecture.

The Annexe also received a commendation for Heritage.

The landscape architects TCL were also awarded the Australian Institute of Landscape Architects Victorian Chapter Award of Excellence for Cultural Heritage for their work on Parliament's Annexe gardens.

The Annexe will now compete in the National Architecture Awards program.



The Governor of Victoria, the Honourable Linda Dessau AC opening the Parliamentary Annexe

## Environmental Sustainability Report

The Buildings and Grounds unit monitor the electricity, gas and water usage throughout the Parliamentary Precinct, including the collection and use of rainwater in the gardens.

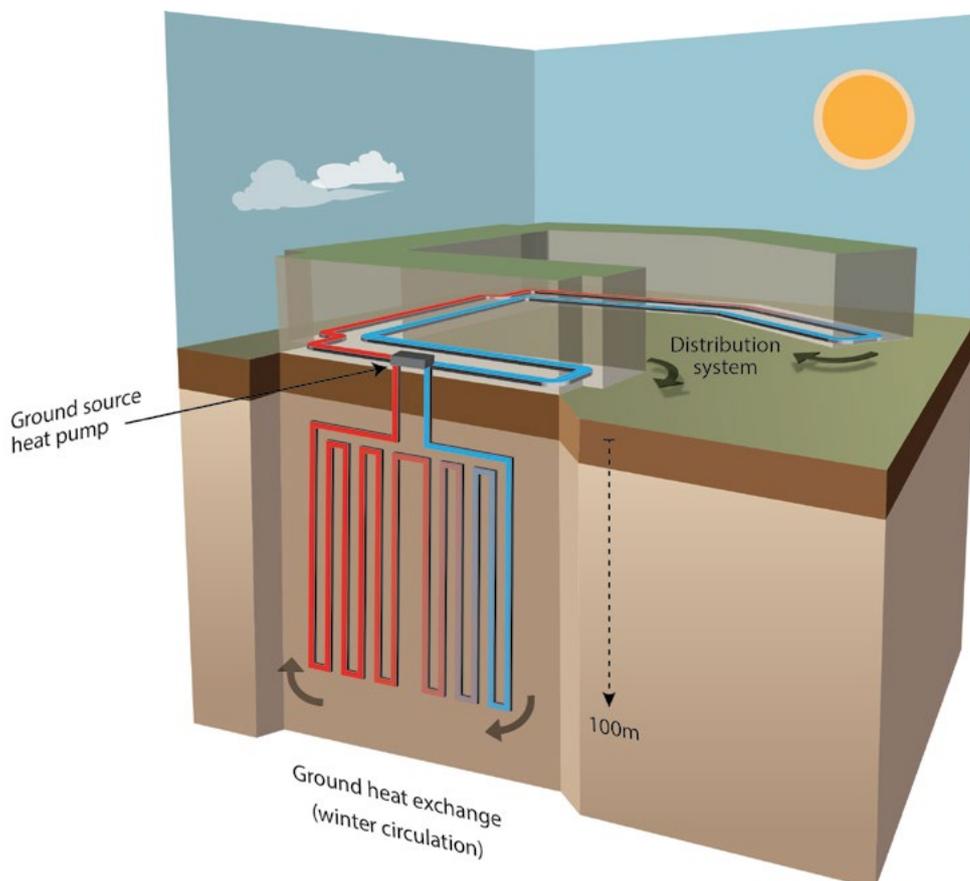
Over the duration of the 2018-19 financial year, gas usage dropped by 33% from the previous year. Electricity usage dropped by approximately 15% as at the end of June. The new Parliamentary Annexe has a Building Management System (BMS) which is a computer based control system that monitors the use of power in the new offices, helping to control the lighting and ventilation system.

Main water use has slightly increased from previous years. Rainwater capture and output decreased, compared to the previous year.

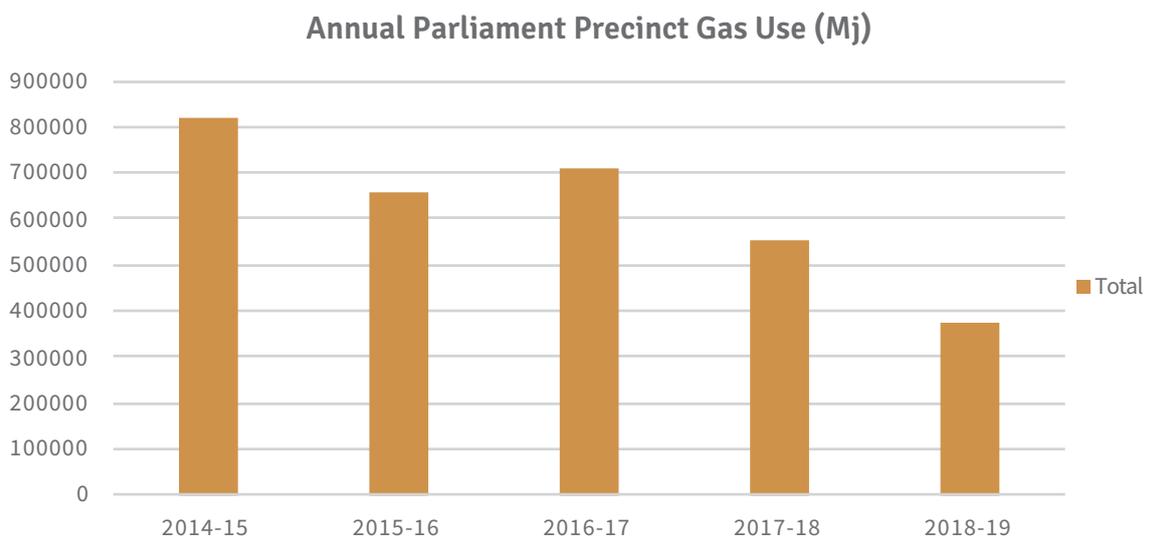
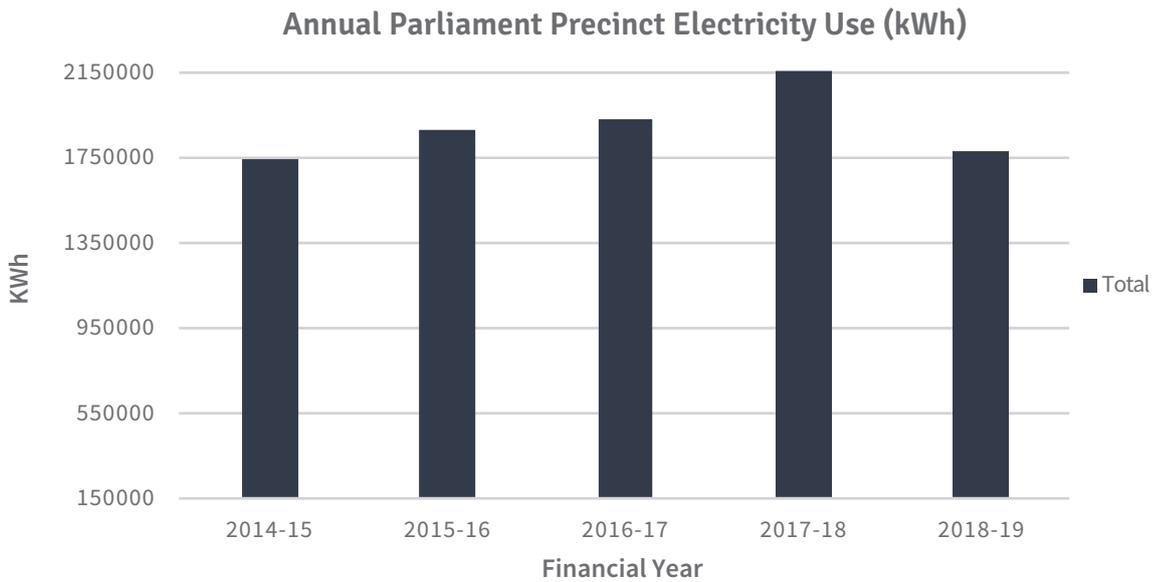
Ecological sustainable development design principles have been incorporated into the new Annexe building to reduce its ongoing resource requirements. Greener construction materials with a high recycled component were selected, along with low-energy fittings and movement sensors. The BMS monitors mechanical and electrical equipment such as ventilation, lighting, power systems, fire systems and security systems. The building is heated and cooled through ground heat exchange loops, and a 23,000 litre rainwater tank will capture water for use in irrigation. The rooftop garden also assists in the thermal insulation of the building.

During the 2019-20 financial year, meters will be connected to allow consumption analysis of both the new Annexe building and Parliament House.

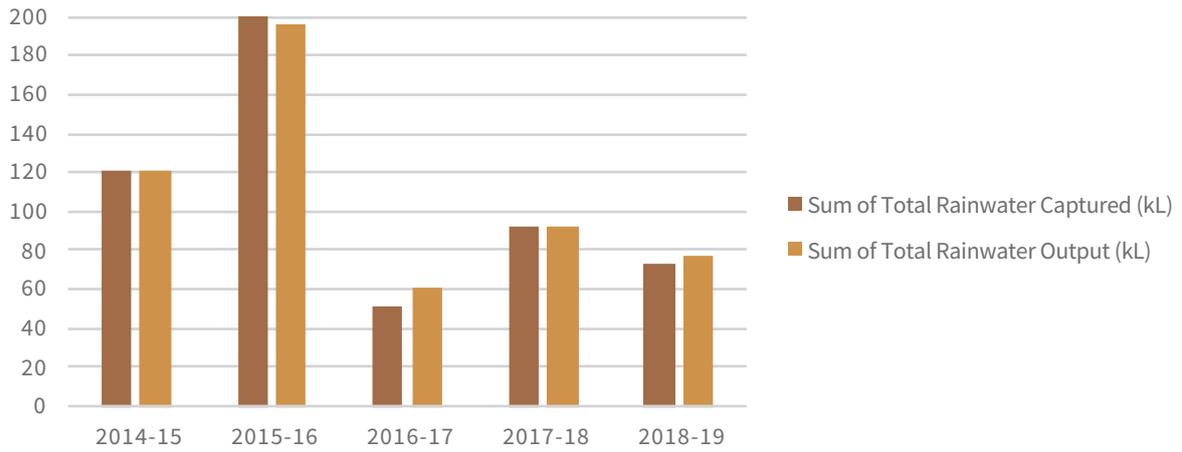
To help reduce energy use within the new building a number of energy saving devices have been installed, including: LED light fittings and water efficient fittings and fixtures.



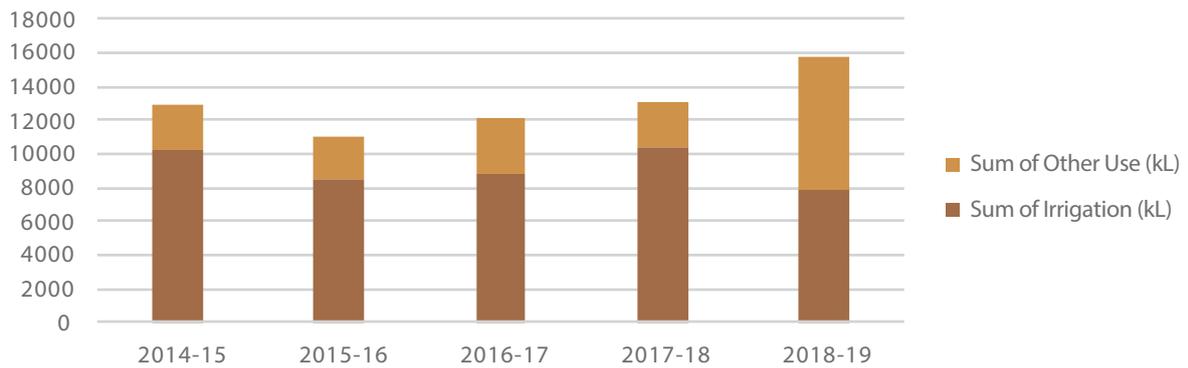
# Delivery on Parliament's Strategic Priorities



### Total Rainwater Capture v. Total Rainwater Output



### Annual Mains Water Use



# Delivery on Parliament's Strategic Priorities

## Objective 8 – Information and Technology

Cyber security continues to be a significant challenge for Parliament which saw a number of initiatives introduced during the year:

- A Security Information and Event Management system has been installed and pilot data is being collected. Contract negotiations for a Security Operations Centre are ongoing.
- New Palo Alto firewalls were installed and configured for network segmentation providing better containment of security attacks, vulnerabilities and infections.
- A Symantec Advanced Threat Protection solution which augments the existing Symantec endpoint solution with Machine Learning capabilities was implemented providing greater protection for Parliament's remote fleet of laptops and allowing isolation in the event of infection.
- F5 and Firepower/Sourcefire technologies were implemented and configured to enhance protection from external network threats.
- Testing of the Microsoft's two-factor authentication for VPN remote access has been completed. The system aligns with the Australian Signals Directorate Cyber Security requirements and integrates with other Microsoft technologies being implemented across the organisation. Rollout will occur in the next financial year.

The Senior Management Group worked with IT to address 862 questions associated with the Victorian Privacy and Data Security Framework (VPDSF). This has assisted with identifying and determining the value of Parliament's most important information assets. The high level Protective Data Security Plan (PDSP) captures the procedural, physical and technical measures implemented, or to be implemented by Parliament and was submitted to the Office of the Victorian Information Commissioner.

IT are also reviewing the Essential Eight cyber security mitigation recommendations from the Australian Signals Directorate. New technology solutions and processes will be required. The unique nature of Members' work will prove a challenge for compliance.

The legacy Lotus Notes system has been replaced with the Resource Central booking system which fully integrates with the outlook calendar and provides a simple interface for room bookings. Chillers on the roof of Parliament House which keep IT and Hansard broadcast equipment within acceptable temperature ranges have also been replaced, a complex process involving detailed structural engineering and the use of a crane.

In addition to the Hansard Publishing System, the Members module of the Parliamentary Information Management System (PIMS) was implemented. This module replaced the current and former Member databases and integrates with other PIMS modules to create a single source of truth. Scoping work has also commenced on the Committees module, House Papers module and the Members portal.

IT in conjunction with Library, Hansard, the Community Engagement and Education unit and the House departments developed the pilot Beta website within the Episerver content management software. The project met all objectives and provided some key learnings. The Beta website will now be expanded into production requiring upskilling staff in Episerver administration, sourcing a digital agency to assist with website redevelopment and collaboration across the organisation.

The network switching equipment was replaced in 55 St Andrews Place and work has commenced in Parliament House with the remaining switches scheduled for replacement early in the new financial year. The new switches provide greater capacity and are better suited to Parliament's evolving network topology and increasing data traffic.

A competitive request for proposal process was completed for Parliament's multifunction devices (MFDs) with Toshiba being selected as the successful responder. A pilot of the new MFDs commenced across the precinct and a rollout plan has been developed for electorate offices early in the 2019-20 financial year. Final contract negotiations are also underway for an uninterrupted power supply (UPS) vendor. Pending sign off, delivery of the new UPS is expected in August 2019.

The rollout of Microsoft Office 365 (O365) will be a key project in the coming 12 months with the suite already implemented with the Parliamentary Budget Office and preparations for rollout to Parliament well underway. External consultants have been engaged to assist with the rollout which will be conducted in phases to avoid negatively impacting user experience. The first phase will be the migration of mailboxes online with the second stage migrating the home drive to OneDrive, a cloud based storage service. OneDrive will allow users to access work material externally and on portable devices. Due to complexity, Microsoft O365 Teams will be piloted prior to rollout and other individual applications and services will be progressively implemented and made available to Members and staff. To assist with a smooth transition, a change management plan is being developed and the Organisation Development unit will assist with staff education and training.

The Identity and Access Management project remains ongoing to automate the following processes: IT account creation and IT access changes, removing access, integration with other systems including Oracle, Talent Suite and Noggin. IT have also commenced an agile project management methodology which will require an awareness campaign and training for the wider organisation.

Improved records management has been identified as a requirement for Parliament. A project team has been selected to develop the program and IT are trialling Records365 to determine its suitability.

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## Additional information

### Department Facts

The Library intranet receives on average **1,400** visitors and **5,000** page views per month

The Library's Semaphore ontology classification software uses assisted intelligence to index and rank nearly **14,000** newspaper articles per month

**91**

research publications were produced

**1335**

research requests were lodged at the Library enquiry desk

**1194**

interns have completed their parliamentary internship since the program commenced in 1990

Over **175,600** news and media releases were added to the collection

**55**

InfoLinks pages were created for new Bills

**526**

election policies were harvested from all political party websites and archived in the Election Policies database

In October and November 2018 the Library's media monitoring team collected and indexed:

**36,647**

newspaper articles;

**2,582**

television and radio clips; and

**1,595**

media releases

**Seven** Research Notes and Bill Briefs were produced

The PIMS database holds **1760** Member biographies from **1851** to the present day

All fresh milk and dairy purchased at Parliament supports Victorian dairy owned and operated farms

**10,000**

Budget and Expenditure reports were prepared and distributed to Members of Parliament and Parliamentary departments

**24,000**

invoices and reimbursements were processed for the Parliamentary departments and Members' electorate offices

**529**

security incidents were investigated

There were  
**112,658**

visitors to Parliament House and 55 St Andrews Place

**18,292**

items were seized or confiscated (339 of these were prohibited items)

**18,466**

mail items were received and X-rayed at Parliament House

The Security and Electorate Properties unit conducted over **100** electorate office site visits and travelled over **20,000kms** in six weeks as part of the election process

Over  
**1200**  
property management cases were logged

**35,000**  
pay transactions were processed

An average of **928** Parliament pays were processed each fortnight for Members of Parliament, Electorate Officers, Parliamentary Officers and Parliament Advisers

The HR On Board system was used **1273** times to electronically offer employment or record cessation for Electorate Officers, Parliamentary Officers, Parliamentary Advisers and Members of Parliament

The 2018-19 PAEC hearings lasted six days and the transcript complied **548,030** words

The Hansard concierge service handled over  
**790**  
requests in the first year of operation

The broadcast of Parliamentary sittings averaged  
**5,244**  
viewers per week in 2018-19

# Additional information

## Senior Officer Travel

	2016-17	2017-18	2018-19
DPS Senior Parliamentary Officer Travel*	\$11,904	\$59,799	\$30,471

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

## Risk Management

The Parliament of Victoria has adopted a risk management framework and risk management processes consistent with the Australian and New Zealand standards since February 2012. Key strategic and operational risks were identified and were endorsed by the Audit Committee in August 2012. A risk owner was assigned to each strategic and operational risk. It is the responsibility of the risk owner to review the strategic and operational risks each quarter. A review of the risk management framework and risk management processes is conducted annually and risks are aligned to Parliament's strategic objectives.

The Parliament's internal audit function is used to provide assurance about internal controls to the Audit Committee. The internal audit program takes into account the key strategic and operational risks identified by management.

### *Attestation for compliance with the Australian/New Zealand Risk Management Standard*

I, Peter Lochert, certify that the Department of Parliamentary Services has risk management processes in place consistent with AS/NZS ISO 31000:2009 and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. Senior management verifies this assurance, and the risk profile of the Department of Parliamentary Services has been critically reviewed within the past 12 months.



**Peter Lochert**  
Secretary  
Department of Parliamentary Services

## Consultancies

### Details of Consultancies \$10,000 and over

Consultant name	Brief summary of project	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2018-19 (excluding GST)	Future Expenditure (excluding GST)
NOUS GROUP PTY LTD	Parliamentary services review of OD and Hansard business units	Oct-18	Apr-19	171,245	171,245	
CONVERGENCE DESIGN AUSTRALIA P/L	Review of Parliament's cultural heritage strategy.	Jul-18	Aug-18	22,937	22,937	
YLAB Global (Foundation for Young Australians)	Coordination of a youth engagement project.	Apr-19	Oct-19	50,000	25,000	25,000
PARITY TECHNOLOGY CONSULTING PTY LTD	Development of AV standard for Parliamentary Precinct	Jan-19	May-19	14,820	14,820	

### Consultancies less than \$10,000

No. of consultancies	Total value (exc GST)
2	10,680

## Information and communication technology expenditure

All operational ICT expenditure Business As Usual (BAU) ICT expenditure	ICT expenditure related to projects to create or enhance ICT capabilities		
	Non-Business As Usual (non-BAU) ICT expenditure	Operational expenditure	Capital expenditure
(Total)	(Total = Operational expenditure and capital expenditure)		
\$9,849,610	\$2,273,293	\$618,703	\$1,654,590

**PARLIAMENT OF VICTORIA**  
**Accountable Officers' declaration**  
**30 June 2019**

**DECLARATION IN THE FINANCIAL STATEMENTS**

The attached financial statements for the Parliament of Victoria have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under 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 2019 and financial position of the Parliament of Victoria at 30 June 2019.

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 28 August 2019.



**HON COLIN BROOKS MP**  
Speaker of the Legislative Assembly  
Parliament of Victoria



**HON SHAUN LEANE MLC**  
President of the Legislative Council  
Parliament of Victoria



**Charu Saxena**  
Chief Financial Officer  
Parliament of Victoria

Melbourne

28 August 2019

# PARLIAMENT OF VICTORIA

## Financial statements for the financial year ended 30 June 2019

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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

# Independent Auditor's Report

## To the Presiding Officers of the Parliament of Victoria

<b>Opinion</b>	<p>I have audited the financial report of the Parliament of Victoria (the Parliament) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2019</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• Accountable Officers' and Chief Finance and Accounting Officer's declaration.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the Parliament as at 30 June 2019 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the Parliament in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Presiding Officers' responsibilities for the financial report</b>	<p>The Presiding Officers of the Parliament are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Presiding Officers determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Presiding Officers are responsible for assessing the Parliament's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

---

**Auditor's responsibilities for the audit of the financial report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 Parliament's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Presiding Officers
- conclude on the appropriateness of the Presiding Officers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parliament's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Parliament to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Presiding Officers regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

---

MELBOURNE  
30 August 2019



Andrew Greaves  
Auditor-General

**PARLIAMENT OF VICTORIA**  
**Comprehensive operating statement**  
**for the financial year ended 30 June 2019**

		(\$ thousand)	
	Notes	2019	2018
<b>Income from transactions</b>			
Output appropriations	2.2/2.3	131,460	120,150
Special appropriations	2.3	41,666	38,846
Grants	2.4	27	30
Fair value of assets and services received free of charge for nominal consideration	2.4	20	-
Parliament refreshment rooms & gift shop	2.4	1,527	1,807
<b>Total income from transactions</b>		<b>174,700</b>	<b>160,833</b>
<b>Expenses from transactions</b>			
Employee expenses	3.1	(107,061)	(97,329)
Depreciation	5.1	(16,919)	(14,120)
Computer, communications, rental and other costs	3.4	(22,853)	(21,784)
Capital asset charge	3.2	(6,732)	(6,490)
Interest expense	7.1	(79)	(52)
Parliament refreshment rooms & gift shop	3.3	(2,042)	(2,291)
Supplies and services	3.4	(15,328)	(16,076)
<b>Total expenses from transactions</b>		<b>(171,014)</b>	<b>(158,142)</b>
<b>Net result from transactions (net operating balance)</b>		<b>3,686</b>	<b>2,691</b>
<b>Other economic flows included in net result</b>			
Net gain / (loss) on non-financial physical assets		47	251
Other gains / (losses) from other economic flows		(967)	(11)
<b>Total other economic flows included in net result</b>		<b>(920)</b>	<b>240</b>
<b>Net result</b>		<b>2,766</b>	<b>2,931</b>
<b>Other economic flows - other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Changes in physical asset revaluation surplus		23,328	-
<b>Total other economic flows - other comprehensive income</b>		<b>23,328</b>	<b>-</b>
<b>Comprehensive result</b>		<b>26,094</b>	<b>2,931</b>

The Comprehensive operating statement should be read in conjunction with the accompanying notes included on pages 53 to 106.

**PARLIAMENT OF VICTORIA**  
**Balance sheet**  
**as at 30 June 2019**

		(\$ thousand)	
	Notes	2019	2018
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	7.2	198	95
Receivables	6.1	33,417	33,739
<b>Total financial assets</b>		<b>33,615</b>	<b>33,834</b>
<b>Non-financial assets</b>			
Inventories - Parliament refreshment room & gift shop		66	88
Non-financial physical assets classified as held for sale		33	45
Property, plant and equipment	5.1	729,860	701,315
Prepayments		1,331	1,747
<b>Total non-financial assets</b>		<b>731,290</b>	<b>703,195</b>
<b>Total assets</b>		<b>764,905</b>	<b>737,029</b>
<b>Liabilities</b>			
Bank overdraft	7.1	28	854
Payables	6.2	7,822	8,384
Unearned income		85	50
Borrowings - Finance leases payable	7.1	3,297	3,026
Provisions	3.1	13,882	13,362
<b>Total liabilities</b>		<b>25,114</b>	<b>25,676</b>
<b>Net assets</b>		<b>739,791</b>	<b>711,353</b>
<b>Equity</b>			
Accumulated surplus / (deficit)		51,626	48,860
Physical asset revaluation surplus	5.1	506,530	483,202
Contributed capital		181,635	179,291
<b>Net worth</b>		<b>739,791</b>	<b>711,353</b>

The Balance sheet should be read in conjunction with the accompanying notes included on pages 53 to 106.

**PARLIAMENT OF VICTORIA**  
**Statement of changes in equity**  
**for the financial year ended 30 June 2019**

	(\$ thousand)			
	Physical asset revaluation surplus <sup>(a)</sup>	Accumulated surplus	Contributions by owner	Total
<b>Balance at 1 July 2017</b>	<b>483,202</b>	<b>45,929</b>	<b>173,072</b>	<b>702,203</b>
Net result for the year	-	2,931	-	2,931
Other comprehensive income for the year	-	-	-	-
Additions to Net Asset Base			6,219	6,219
<b>Balance at 30 June 2018</b>	<b>483,202</b>	<b>48,860</b>	<b>179,291</b>	<b>711,353</b>
Net result for the year	-	2,766	-	2,766
Other comprehensive income for the year	23,328	-	-	23,328
Additions to Net Asset Base	-	-	2,344	2,344
<b>Balance at 30 June 2019</b>	<b>506,530</b>	<b>51,626</b>	<b>181,635</b>	<b>739,791</b>

<sup>(a)</sup> The physical asset revaluation surplus arises on the revaluation of land, buildings and cultural assets.

The above Statement of changes in equity should be read in conjunction with the accompanying notes included on pages 53 to 106.

**PARLIAMENT OF VICTORIA**  
**Cash flow statement**  
**for the financial year ended 30 June 2019**

		(\$ thousand)	
	Notes	2019	2018
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from Government appropriations		172,901	175,121
Receipts from Parliament refreshment rooms & gift shop		1,829	2,049
Receipts from other Government departments		306	302
Goods and services tax recovered from the ATO		6,013	7,634
		<b>181,049</b>	185,106
<b>Payments</b>			
Payments to suppliers and employees		(152,483)	(142,033)
Payments to suppliers & employees by Parliament refreshment rooms & gift shop		(2,135)	(2,331)
Capital asset charge payments		(6,732)	(6,490)
Interest and other finance costs		(79)	(52)
		<b>(161,429)</b>	(150,906)
<b>Net cash flows from / (used in) operating activities</b>	7.2.1	<b>19,620</b>	34,200
<b>Cash flows from investing activities</b>			
Purchases of non-financial physical assets		(20,143)	(39,960)
Sales of non-financial physical assets		1,018	1,151
		<b>(19,125)</b>	(38,809)
<b>Cash flows from financing activities</b>			
Owner contributions by state government		2,344	6,219
Repayment of finance leases		(1,910)	(2,000)
		<b>434</b>	4,219
<b>Net cash flows from / (used in) financing activities</b>		<b>929</b>	(390)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>929</b>	(390)
Cash and cash equivalents at beginning of financial year		(759)	(369)
<b>Cash and cash equivalents at end of financial year</b>	7.2	<b>170</b>	(759)

The above cash flow statement should be read in conjunction with the accompanying notes included on pages 53 to 106.

**PARLIAMENT OF VICTORIA**  
**Notes to the financial statements**  
**30 June 2019**

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## Note 1 - ABOUT THIS REPORT

The financial statements include all the activities of the Parliament of Victoria (Parliament). 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 its operations and its principal activities is included in the Report of Operations, which does not form part of these financial statements.

### **Basis of preparation**

These financial statements are presented in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The 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.

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 to or distributions by owners have also been designated as contributions by owners.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. 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 Australian Accounting Standards (AAS) that have significant effects on the financial statements are disclosed in the notes under the heading 'Significant judgement or estimates'.

All amounts in the financial statements have been rounded to the nearest thousand dollars unless otherwise stated.

### **Compliance information**

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and 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 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.

## Note 2 - FUNDING DELIVERY OF OUR SERVICES

### Introduction

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 4.

### Structure

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### 2.1 Summary of income that funds the delivery of our services

		(\$ thousand)	
	<i>Notes</i>	2019	2018
Output appropriations	2.2/2.3	131,460	120,150
Special appropriations	2.3	41,666	38,846
Grants	2.4	27	30
Fair value of assets and services received free of charge or for nominal consideration	2.4	20	-
Parliament refreshment rooms & gift shop	2.4	1,527	1,807
<b>Total income from transactions</b>		<b>174,700</b>	<b>160,833</b>

### Income from transactions

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

### 2.2 Appropriations

Once annual Parliamentary appropriations are applied by the Treasurer, they become controlled by the Parliament and is recognised as income when applied to the purposes defined under the relevant Appropriations Act.

### Output appropriations

Income from the outputs Parliament provides is recognised when those outputs have been delivered, the Assistant Treasurer has certified and the Treasurer has applied appropriation for delivery of those outputs in accordance with specified performance criteria.

**Note 2 - FUNDING DELIVERY OF OUR SERVICES (Cont)**

**2.3 Summary of compliance with annual Parliamentary and special appropriations**

The following table discloses the details of the various annual Parliamentary appropriations received by the Parliament 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.

	Appropriation Act		Financial Management Act 1994				Total Parliamentary Authority	Appropriations Applied	Variance (a)
	Annual Appropriation	Advance from Treasurer	Section 3(2)	Section 29	Section 32	Section 35			
<b>Controlled</b>									
Provision for outputs	130,699	2,998	-	280	5,027	-	139,004	131,460	7,544
Additions to net assets	1,920	-	-	-	500	-	2,420	2,344	76
<b>Total</b>	<b>132,619</b>	<b>2,998</b>	<b>-</b>	<b>280</b>	<b>5,527</b>	<b>-</b>	<b>141,424</b>	<b>133,804</b>	<b>7,620</b>
<b>2018</b>									
<b>Controlled</b>									
Provision for outputs	123,695	3,839	-	279	5,257	-	133,070	120,150	12,920
Additions to net assets	6,000	-	-	500	-	330	6,830	6,219	611
<b>Total</b>	<b>129,695</b>	<b>3,839</b>	<b>-</b>	<b>779</b>	<b>5,257</b>	<b>330</b>	<b>139,900</b>	<b>126,369</b>	<b>13,531</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*, an underspend of the Parliamentary Budget Office, and unspent Treasurers Advance Funding.

**Special Appropriations**

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

Authority	Purpose	Appropriations applied (\$ thousand)	
		2019	2018
Audit Act No. 2 of 1994	Audit of the Auditor-General's Office	19	33
Constitution Act No. 8750 - Clerk of the Parliaments	Salaries	2	2
Constitution Act No. 8750 - Legislative Assembly	Salaries and expenses of the Assembly	550	550
Constitution Act No. 8750 - Legislative Council	Salaries and expenses of the Council	200	200
Parliamentary Salaries and Superannuation Act No. 7723	Salaries and allowances	40,895	38,061
		<b>41,666</b>	<b>38,846</b>

## **Note 2 - FUNDING DELIVERY OF OUR SERVICES (Cont)**

### **2.4 Income from transactions**

#### **Grants**

Grant income is received from the Department of Education and Training for the creation of resources for the education of students on the Parliament of Victoria.

#### **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.

#### **Parliament refreshment rooms & gift shop**

Income includes food, beverage, function and souvenir income. Income is recognised when the goods or services have been provided.

## Note 3 - THE COST OF DELIVERING SERVICES

### Introduction

This section provides an account of the expenses incurred by the Parliament in delivering services and outputs. In section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded. Section 4 discloses aggregated information in relation to the income and expenses by output.

### Structure

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**Note 3 - THE COST OF DELIVERING SERVICES (cont)**

**3.1 Employee benefit expenses**

	<b>(\$ thousand)</b>	
	<b>2019</b>	2018
Defined benefit superannuation expense	<b>158</b>	161
Defined contribution superannuation expense	<b>8,071</b>	6,863
Termination payments	<b>1,580</b>	429
Salaries and wages, annual leave and long service leave	<b>97,252</b>	89,876
<b>Total employee benefit expenses</b>	<b>107,061</b>	97,329

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

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. Parliament does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, the Department of Treasury and Finance (DTF) discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer).

**Note 3 - THE COST OF DELIVERING SERVICES (cont)**

**3.1.1 Employee benefits in the balance sheet**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

	(\$ thousand)	
	2019	2018
<b>Current provisions:</b>		
<b>Annual leave</b>		
Unconditional and expected to settle within 12 months	3,027	3,175
Unconditional and expected to settle after 12 months	1,419	1,637
On-costs	711	770
	5,157	5,582
<b>Long service leave</b>		
Unconditional and expected to settle within 12 months	1,061	1,045
Unconditional and expected to settle after 12 months	5,338	4,656
On-costs	902	865
	7,301	6,566
Termination benefits	306	210
	306	210
<b>Total current provisions for employee benefits</b>	12,764	12,358
<b>Non-current provisions:</b>		
Employee benefits	971	872
On-costs	147	132
<b>Total non-current provisions for employee benefits</b>	1,118	1,004
<b>Total provisions for employee benefits</b>	13,882	13,362

**Note 3 - THE COST OF DELIVERING SERVICES (cont)**

**3.1.1 Employee benefits in the balance sheet (cont)**  
**Reconciliation of movement in on cost provisions**

	(\$ thousand)	
	2019	2018
<b>Opening balance</b>	<b>1,767</b>	1,595
Additional provisions recognised	<b>861</b>	781
Reduction arising from payments / other sacrifices of future economic benefits	<b>(868)</b>	(609)
<b>Closing balance</b>	<b>1,760</b>	1,767
<b>Current</b>	<b>1,613</b>	1,635
<b>Non current</b>	<b>147</b>	132

**Wages and salaries and annual leave**

Liabilities for wages and salaries (including non-monetary benefits and annual leave and on-costs) are recognised as part of the employee benefit provision as current liabilities, because the Parliament does not have an unconditional right to defer settlements of these liabilities.

The liability for salaries and wages are recognised in the balance sheet at remuneration rates which are current at the reporting date. As the Parliament expects the liabilities to be wholly settled within 12 months of reporting date, they are measured at undiscounted amounts.

The annual leave liability is classified as a current liability, as Parliament does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

**Unconditional LSL** is disclosed 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:

- undiscounted value – if Parliament expects to wholly settle within 12 months; or
- present value – if Parliament does not expect to wholly 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 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' in the net result.

**Note 3 - THE COST OF DELIVERING SERVICES (cont)**

**3.1.2 Superannuation contributions**

Employees of the Parliament 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.

	(\$ thousand)			
	Paid contribution for the year		Contribution outstanding at year end	
	2019	2018	2019	2018
<b>Defined benefit plans</b> <sup>(a)</sup>				
Emergency Services & State Super Scheme				
- Emp New & Revised	158	161	-	-
<b>Defined contribution plans:</b>				
VicSuper	4,616	4,142	-	-
Other	3,455	2,721	-	-
<b>Total</b>	<b>8,229</b>	<b>7,024</b>	-	-

a) The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

**3.2 Capital asset charge**

A capital asset charge is a charge levied on the written down value of controlled non-current physical assets in the Parliament's balance sheet. It aims to attribute to the Parliament's outputs, a cost of capital used in service delivery. Imposing this charge provides incentives for the Parliament to identify and dispose of underutilised or surplus non-current physical assets.

**Note 3 - THE COST OF DELIVERING SERVICES (cont)**

**3.3 Parliament refreshment rooms**

	(\$ thousand)	
	2019	2018
Cost of goods sold	542	683
Salaries and wages, annual leave and long service leave	1,393	1,490
Other expenditure	107	118
<b>Total Parliament refreshment rooms expenses</b>	<b>2,042</b>	<b>2,291</b>

**Cost of sales:** When inventories are sold, the carrying amount of those inventories shall be recognised as an expense in the period in which the related income is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories shall be recognised as an expense in the period the write down or loss occurs.

The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

**3.4 Other operating expenses**

	(\$ thousand)	
	2019	2018
<b>Computer, communications, rental and other costs</b>		
Computer software, support & equipment rental	3,449	2,872
Communications, postage and printing	7,683	7,314
Contractors and temporary staff	2,771	2,912
Property rental costs	8,950	8,686
	<b>22,853</b>	<b>21,784</b>

### Note 3 - THE COST OF DELIVERING SERVICES (cont)

#### 3.4 Other operating expenses (cont)

	(\$ thousand)	
	2019	2018
<b>Supplies and services</b>		
Acts, bills and statutory rules	65	112
Advertising	2,450	2,123
Cleaning expenses	1,183	1,100
Electorate office expenses <sup>(a)</sup>	3,237	3,290
Insurance	292	318
Legal costs	213	243
Maintenance contractors & consumables	1,094	1,062
Minor equipment purchase and repair	1,014	2,138
Motor vehicle running costs	511	473
Office expenses <sup>(b)</sup>	1,116	923
Other operating expenses	951	708
Professional services	447	586
Security	1,047	1,001
Fair value of assets and services provided free of charge	19	33
Travel and subsistence	544	824
Utilities	1,145	1,142
<b>Total supplies and services</b>	<b>15,328</b>	<b>16,076</b>

a) & b) There has been a reclassification of expenditure in 2018/19 to improve expense classifications. 2017/18 comparatives have also been reclassified.

**Communications, postage and printing:** These expenses include all costs related to phones, printing, postage and copying. Communications, postage and printing expenses are recognised as an expense in the reporting period in which they are incurred.

**Contractors and temporary staff:** These expenses include all costs related to contract and temporary staff. Contractors and temporary staff expenses are recognised as an expense in the reporting period in which they are incurred.

**Property rental costs:** Property rental costs include rent of Electorate Offices, our central administrative office and outgoings. Property rental costs are recognised as an expense in the reporting period in which they are incurred.

**Supplies and services:** Supplies and services expenses generally represent the day to day running costs incurred in normal operations. Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred.

## **Note 4. DISAGGREGATED FINANCIAL INFORMATION BY OUTPUT**

### **Introduction**

The Parliament is predominantly funded by accrual based parliamentary appropriations for the provision of outputs. This section provides a description of the outputs delivered during the year ended 30 June 2019 along with the objectives of those outputs.

This section disaggregates revenue and income that enables the delivery of services (described in Section 2) by output and records the allocation of expenses incurred (described in Section 3) also by output, which form part of controlled balances of Parliament.

It also provides information on items administered in connection with these outputs.

### *Distinction between controlled and administered items*

The distinction between controlled and administered items is drawn based on whether the Parliament has the ability to deploy the resources in question for its own benefit (controlled items) or whether it does so on behalf of the State (administered). The Parliament remains accountable for transactions involving administered items, but it does not recognise these items in its financial statements.

### **Structure**

4.1 Parliament outputs – Descriptions and objectives.....	64
4.2 Administered items.....	71

### **4.1 Parliament outputs – Descriptions and objectives**

#### **Objectives**

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

#### **Outputs**

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.

Information about expenses, incomes, assets and liabilities administered by the Parliament on behalf of the State is given in the schedule of administered expenses and revenues and the schedule of administered assets and liabilities.

#### **Note 4. DISAGGREGATED FINANCIAL INFORMATION BY OUTPUT (cont)**

A description of the Parliament of Victoria outputs performed during the year ended 30 June 2019 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 the 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**

Providing consultancy, advisory and support services in the areas of library, hansard, education, human resources, finance, information technology (IT), maintenance, grounds and facilities along with planning, implementation and management of capital projects, for the Parliament of Victoria.

###### **Objectives**

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

#### **Note 4. DISAGGREGATED FINANCIAL INFORMATION BY OUTPUT (cont)**

##### **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.

##### **Parliamentary Budget Office**

###### **Context**

The Parliamentary Budget Officer is an independent officer of the Parliament of Victoria. The Officer has complete discretion in the performance or exercise of the duties, functions and powers of office, and is not subject to direction or control.

For 2018-19, the Department of Parliamentary Services provided corporate services to the office, including financial statement preparation, but it, or those charged with its governance, did not direct or control the office in any way.

###### **Description of outputs**

Preparing policy costings and advice on fiscal, economic or financial matters, for members of parliament. During an election year, also preparing election policy costings and pre-election reports prior to the general election, for Parliamentary Leaders. After the general election, preparing post-election reports for the Victorian community.

###### **Objectives**

To inform policy choices by providing trusted fiscal, economic and financial advice.



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**Note 4. DISAGGREGATED FINANCIAL INFORMATION BY OUTPUT (cont)**  
**Schedule B - Controlled income and expenses for the year ended 30 June 2018**

	Legislative Council	Legislative Assembly	Department of Parliamentary Services	Parliamentary Investigatory Committees	Parliamentary Office	Parliamentary Budget Office	Parliament Total
							(\$ thousand)
<b>Income from transactions</b>							
Output appropriations	4,343	4,855	103,943	6,662		347	120,150
Special appropriations	11,872	26,974	-	-	-	-	38,846
Grants	-	-	30	-	-	-	30
Fair value of assets and services received free of charge	-	-	-	-	-	-	-
Parliament refreshment rooms & gift shop	-	-	1,807	-	-	-	1,807
<b>Total income from transactions</b>	<b>16,215</b>	<b>31,829</b>	<b>105,780</b>	<b>6,662</b>		<b>347</b>	<b>160,833</b>
<b>Expenses from transactions</b>							
Employee expenses	(14,837)	(29,619)	(48,382)	(4,380)		(111)	(97,329)
Depreciation	-	-	(14,120)	-	-	-	(14,120)
Computer, communications, rental and other costs	(115)	(185)	(20,737)	(721)		(26)	(21,784)
Capital asset charge	-	-	(6,490)	-	-	-	(6,490)
Interest expense	(15)	(34)	(3)	-	-	-	(52)
Parliament refreshment rooms & gift shop	-	-	(2,291)	-	-	-	(2,291)
Supplies & services	(766)	(1,171)	(13,367)	(562)		(210)	(16,076)
<b>Total expenses from transactions</b>	<b>(15,733)</b>	<b>(31,009)</b>	<b>(105,390)</b>	<b>(5,663)</b>		<b>(347)</b>	<b>(158,142)</b>
<b>Net result from transactions (net operating balance)</b>	<b>482</b>	<b>820</b>	<b>390</b>	<b>999</b>			<b>2,691</b>
<b>Other economic flows included in net result</b>							
Net gain / (loss) on non-financial physical assets	-	-	251	-		-	251
Other gains / (losses) from other economic flows	(1)	(4)	(5)	(1)		-	(11)
<b>Total other economic flows included in net result</b>	<b>(1)</b>	<b>(4)</b>	<b>246</b>	<b>(1)</b>			<b>240</b>
<b>Net result</b>	<b>481</b>	<b>816</b>	<b>636</b>	<b>998</b>			<b>2,931</b>
<b>Other economic flows - other comprehensive income</b>							
<b>Items that will not be reclassified to net result</b>							
Changes in physical asset revaluation surplus	-	-	-	-		-	-
<b>Total other economic flows - other comprehensive income</b>							
<b>Comprehensive result</b>	<b>481</b>	<b>816</b>	<b>636</b>	<b>998</b>			<b>2,931</b>

**PARLIAMENT OF VICTORIA**  
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**Note 4. DISAGGREGATED FINANCIAL INFORMATION BY OUTPUT (cont)**

**Schedule C - Controlled assets and liabilities as at 30 June 2019**

	Legislative Council	Legislative Assembly	Department of Parliamentary Services	Parliamentary Investigative Committees	Parliamentary Budget Office	Parliament Total
<b>Assets</b>						
Financial assets	1,261	1,827	27,061	3,247	219	33,615
Non-financial assets	968	2,108	728,027	-	187	731,290
<b>Total assets</b>	<b>2,229</b>	<b>3,935</b>	<b>755,088</b>	<b>3,247</b>	<b>406</b>	<b>764,905</b>
<b>Liabilities</b>						
	(2,747)	(4,616)	(15,690)	(1,380)	(681)	(25,114)
<b>Total liabilities</b>	<b>(2,747)</b>	<b>(4,616)</b>	<b>(15,690)</b>	<b>(1,380)</b>	<b>(681)</b>	<b>(25,114)</b>
<b>Net assets / (liabilities)</b>	<b>(518)</b>	<b>(681)</b>	<b>739,398</b>	<b>1,867</b>	<b>(275)</b>	<b>739,791</b>

The comparative Parliament outputs schedule for the year ended 30 June 2018 appears on the following page.

**PARLIAMENT OF VICTORIA**  
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**Note 4. DISAGGREGATED FINANCIAL INFORMATION BY OUTPUT (cont)**

**Schedule D - Controlled assets and liabilities as at 30 June 2018**

	Legislative Council	Legislative Assembly	Department of Parliamentary Services	Parliamentary Investigative Committees	Parliamentary Budget Office	Parliament Total
						(\$ thousand)
<b>Assets</b>						
Financial assets	1,127	1,913	28,664	2,122	8	33,834
Non-financial assets	888	1,953	700,354	-	-	703,195
<b>Total assets</b>	<b>2,015</b>	<b>3,866</b>	<b>729,018</b>	<b>2,122</b>	<b>8</b>	<b>737,029</b>
<b>Liabilities</b>						
	(2,436)	(4,533)	(17,145)	(1,473)	(89)	(25,676)
<b>Total liabilities</b>	<b>(2,436)</b>	<b>(4,533)</b>	<b>(17,145)</b>	<b>(1,473)</b>	<b>(89)</b>	<b>(25,676)</b>
<b>Net assets / (liabilities)</b>	<b>(421)</b>	<b>(667)</b>	<b>711,873</b>	<b>649</b>	<b>(81)</b>	<b>711,353</b>

**Note 4. DISAGGREGATED FINANCIAL INFORMATION BY OUTPUT (cont)**

**4.2 Administered 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. 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.

	(\$ thousand)			
	Department of Parliamentary Services		Parliament Total	
	2019	2018	2019	2018
<b>Administered income from transactions</b>				
Sale of goods and services	19	606	19	606
Receipts towards Public Service Commuter Club	121	96	121	96
<b>Total administered income from transactions</b>	<b>140</b>	702	<b>140</b>	702
<b>Administered expenses from transactions</b>				
Payments towards Public Service Commuter Club	(137)	(105)	(137)	(105)
Payments into the Consolidated Fund	(19)	(606)	(19)	(606)
<b>Total administered expenses from transactions</b>	<b>(156)</b>	(711)	<b>(156)</b>	(711)
<b>Total administered net result from transactions (net operating balance)</b>	<b>(16)</b>	(9)	<b>(16)</b>	(9)
<b>Administered other economic flows included in the administered net result</b>	-	-	-	-
<b>Administered net result</b>	<b>(16)</b>	(9)	<b>(16)</b>	(9)
<b>Administered other economic flows - other non- owner changes in equity</b>	-	-	-	-
<b>Total administered comprehensive result</b>	<b>(16)</b>	(9)	<b>(16)</b>	(9)
<b>Administered financial assets</b>				
Receivables	69	53	69	53
<b>Total administered assets</b>	<b>69</b>	53	<b>69</b>	53
<b>Administered liabilities</b>				
Payables	(69)	(53)	(69)	(53)
<b>Total administered liabilities</b>	<b>(69)</b>	(53)	<b>(69)</b>	(53)
<b>Total administered net assets</b>	-	-	-	-

## Note 5 - KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

Parliament controls property, plant and equipment that are utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to Parliament to be utilised for delivery of those outputs.

### Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 8.3 in connection with how those fair values were determined.

### Structure

5.1 Total property, plant and equipment

### 5.1 Total property, plant and equipment

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2019	2018	2019	2018	2019	2018
Land at fair value	173,828	150,500	-	-	173,828	150,500
Buildings at fair value	523,055	522,798	(22,186)	(10,692)	500,869	512,106
Plant, equipment & vehicles at fair value	38,732	34,411	(15,515)	(11,601)	23,217	22,810
Cultural assets at fair value	11,958	11,822	-	-	11,958	11,822
Leasehold improvements	2,776	2,106	(1,300)	(1,093)	1,476	1,013
Assets under construction at cost	18,512	3,064	-	-	18,512	3,064
<b>Total</b>	<b>768,861</b>	<b>724,701</b>	<b>(39,001)</b>	<b>(23,386)</b>	<b>729,860</b>	<b>701,315</b>

**Initial recognition:** Items of property, plant and equipment, 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 cost of constructed non-financial physical assets includes the cost of all materials used in construction and direct labour on the project.

The cost of a leasehold improvements is capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives.

The initial cost for non-financial physical assets under a finance lease 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.

**Note 5 - KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY (cont)**

**5.1 Total property, plant and equipment (cont)**

**Subsequent measurement:** Property, plant and equipment (PPE) are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised below by asset category.

**Non-specialised land, non-specialised buildings and artworks** are valued using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value.

**Specialised land and specialised buildings:** The market approach is also used for specialised land, although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that the CSO adjustment is also equally applicable to market participants

**Cultural assets and collections, and heritage buildings:** 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.

All buildings, plant and equipment and other non-financial physical assets that have finite useful lives, are depreciated. The exceptions to this rule include items under operating leases.

**Note 5 - KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY (cont)**

**5.1 Total property, plant and equipment (cont)**

Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

	Depreciation rate (%)	
	2019	2018
Buildings at fair value	1.11 to 10	1.11 to 10
Plant, equipment & vehicles at fair value	10 to 50	10 to 50
Leasehold improvements	10 to 20	10 to 20

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

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

The revaluation of the Parliament House Building in 2016/17 resulted in a new useful life of 90 years being estimated by the Valuer General, resulting in a lower depreciation rate of 1.11%.

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

**Impairment:** Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

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 it can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

**Assets by purpose group:** Property, plant and equipment are classified by the 'purpose' for which the assets are used, according to one of the six purpose groups based upon government purpose classifications. The Parliament's assets fall under the Public Administration purpose group. All assets in a purpose group are further sub categorised according to the asset's 'nature' (i.e. buildings, plant etc.), with each sub-category being classified as a separate class of asset for financial reporting purposes.

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**Note 5 - KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY (cont)**

**5.1.2 Reconciliation of movements in carrying amount of property, plant and equipment**

	Land at fair value	Buildings at fair value	Plant, equipment & vehicles at fair value	Cultural assets at fair value	Leasehold improvements	Assets under construction at cost	Total
<b>(\$ thousand)</b>							
<b>Year ended 30 June 2019</b>							
<b>Opening balance</b>	150,500	512,106	22,810	11,822	1,013	3,064	701,315
Additions	-	-	2,933	20	-	20,279	23,232
Disposals / retirements	-	-	(1,062)	-	(1)	-	(1,063)
Revaluations	23,328	-	-	-	-	-	23,328
Transfer in / (out) of assets under construction	-	257	3,786	116	672	(4,831)	-
Transfer to disposal group held for sale	-	-	(33)	-	-	-	(33)
Depreciation expense	-	(11,494)	(5,217)	-	(208)	-	(16,919)
<b>Closing balance</b>	<b>173,828</b>	<b>500,869</b>	<b>23,217</b>	<b>11,958</b>	<b>1,476</b>	<b>18,512</b>	<b>729,860</b>
<b>Year ended 30 June 2018</b>							
<b>Opening balance</b>	150,500	482,608	11,686	11,798	826	16,732	674,150
Additions	-	-	2,068	-	-	40,075	42,143
Disposals / retirements	-	-	(811)	-	(2)	-	(813)
Revaluations	-	-	-	-	-	-	-
Transfer in / (out) of assets under construction	-	40,190	13,166	24	363	(53,743)	-
Transfer to disposal group held for sale	-	-	(45)	-	-	-	(45)
Depreciation expense	-	(10,692)	(3,254)	-	(174)	-	(14,120)
<b>Closing balance</b>	<b>150,500</b>	<b>512,106</b>	<b>22,810</b>	<b>11,822</b>	<b>1,013</b>	<b>3,064</b>	<b>701,315</b>

## Note 6 - OTHER ASSETS AND LIABILITIES

This section sets out those assets and liabilities that arose from Parliament's controlled operations.

### Structure

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6.2 Payables.....	78

### 6.1 Receivables

	(\$ thousand)	
	2019	2018
<b>Current</b>		
<b>Contractual</b>		
Debtors - Parliament refreshment rooms	103	123
Other receivables	1	1
<b>Statutory</b>		
Amounts owing from Victorian Government	12,718	14,302
GST input tax credit recoverable	986	1,236
<b>Total current receivables</b>	<b>13,808</b>	<b>15,662</b>
<b>Non Current</b>		
<b>Statutory</b>		
Amounts owing from Victorian Government	19,609	18,077
<b>Total non current receivables</b>	<b>19,609</b>	<b>18,077</b>
<b>Total receivables</b>	<b>33,417</b>	<b>33,739</b>

**Contractual receivables** are classified as financial instruments and categorised as 'loans and receivables'. They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, less any impairment.

**Statutory receivables** do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments. Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from the Consolidated Fund as the commitments fall due.

## Note 6 - OTHER ASSETS AND LIABILITIES (cont)

### 6.1 Receivables (cont)

**Doubtful debts:** Receivables are assessed for bad and doubtful debts on a regular basis. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with *AASB 136 Impairment of Assets*.

A provision is made for estimated irrecoverable amounts from the sale of goods or services when there is objective evidence that an individual receivable is impaired. The increase in the provision for the year is recognised in the net result.

Bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off, but included in the provision for doubtful debts, are classified as other economic flows in the net result.

No provision was raised for doubtful debts, or bad debts written off during 2018/19.

**Note 6 - OTHER ASSETS AND LIABILITIES (cont)**

**6.2 Payables**

	(\$ thousand)	
	2019	2018
<b>Contractual</b>		
Supplies and services	5,309	5,912
Accrued salaries & wages	1,825	1,787
<b>Statutory</b>		
Fringe Benefits Tax	126	143
Payroll tax	562	542
<b>Total payables</b>	<b>7,822</b>	<b>8,384</b>

Payables are all current and consist of:

- **contractual payables**, classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to Parliament prior to the end of the financial year that are unpaid; and
- **statutory payables**, that 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 contracts.

**Note 6 - OTHER ASSETS AND LIABILITIES (cont)**

**6.2 Payables (cont)**

		Maturity analysis of contractual payables					(\$ thousand)
		Carrying amount	Nominal amount	Maturity dates			1 - 5 years
				Less than 1 month	1-3 months	3 months - 1 year	
<b>2019</b>	<b>Payables</b>						
	Supplies and services	7,134	7,134	7,134	-	-	-
	<b>Total</b>	<b>7,134</b>	<b>7,134</b>	<b>7,134</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2018</b>	<b>Payables</b>						
	Supplies and services	7,699	7,699	7,699	-	-	-
	<b>Total</b>	<b>7,699</b>	<b>7,699</b>	<b>7,699</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Note 7 - HOW WE FINANCED OUR OPERATIONS

This section provides information on the sources of finance utilised by the Parliament during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of the Parliament.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Notes 8.1 and 8.3 provide additional, specific financial instrument disclosures.

### Structure

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### 7.1 Borrowings

	(\$ thousand)	
	2019	2018
<b>Current borrowings</b>		
Bank overdraft	28	854
Finance lease liabilities	1,545	1,776
<b>Total current borrowings</b>	<b>1,573</b>	2,630
<b>Non current borrowings</b>		
Finance lease liabilities	1,752	1,250
<b>Total non current borrowings</b>	<b>1,752</b>	1,250
<b>Total borrowings</b>	<b>3,325</b>	3,880

Borrowings are classified as financial instruments. All interest bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the Parliament has categorised its interest bearing liabilities as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'. The classification depends on the nature and purpose of the interest bearing liabilities. The Parliament determines the classification of its interest bearing liabilities at initial recognition.

### Interest expense

Interest expense relates to finance leases and is recognised in the period in which it is incurred.

**Note 7 - HOW WE FINANCED OUR OPERATIONS (cont)**  
**7.1 Borrowings (cont)**

**Maturity analysis of borrowings**

	Carrying amount	Nominal amount	Maturity dates				(\$ thousand)
			Less than 1 month	1-3 months	3 months - 1 year	1 - 5 years	
<b>2019</b>							
Bank overdraft	28	28					
Finance lease liabilities	3,297	3,414	389	327	901	1,797	
<b>Total</b>	<b>3,325</b>	<b>3,442</b>	<b>417</b>	<b>327</b>	<b>901</b>	<b>1,797</b>	
<b>2018</b>							
Bank overdraft	854	854					
Finance lease liabilities	3,026	3,121	296	269	1,276	1,281	
<b>Total</b>	<b>3,880</b>	<b>3,975</b>	<b>1,150</b>	<b>269</b>	<b>1,276</b>	<b>1,281</b>	

**Note 7 - HOW WE FINANCED OUR OPERATIONS (cont)**

**7.1 Borrowings (cont)**

**7.1.1 Finance lease liabilities**

	Minimum future lease payments <sup>(a)</sup>		Present value of minimum future lease payments		(\$ thousand)
	2019	2018	2019	2018	
Not longer than one year	1,617	1,841	1,545	1,776	
Longer than one year and not longer than five years	1,797	1,281	1,752	1,250	
<b>Minimum future lease payments</b>	<b>3,414</b>	<b>3,122</b>	<b>3,297</b>	<b>3,026</b>	
Less future finance charges	(118)	(96)	-	-	
<b>Present value of minimum lease payments</b>	<b>3,296</b>	<b>3,026</b>	<b>3,297</b>	<b>3,026</b>	
<b>Included in the financial statements as:</b>					
Borrowings - Finance lease payable					
<b>Total</b>	<b>3,296</b>	<b>3,026</b>	<b>3,297</b>	<b>3,026</b>	<b>3,026</b>

Notes:

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

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 accounted for as a non-financial physical asset and 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 the reduction of the outstanding lease liability and the periodic finance expense which is calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement.

**Note 7 - HOW WE FINANCED OUR OPERATIONS (cont)**

**7.2 Cash flow information and balances**

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.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as current borrowings on the balance sheet, as indicated in the reconciliation below.

	(\$ thousand)	
	2019	2018
<b>Cash on hand</b>		
Parliament of Victoria	2	2
Parliament refreshment rooms	2	2
<b>Bank balance</b>		
Parliament refreshment rooms	194	91
	198	95
Bank overdraft - unrepresented cheques	(28)	(854)
<b>Balance as per cash flow statement</b>	170	(759)

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 unrepresented cheques at the end of the reporting period.

At 30 June 2019, cash at bank included the amount of a notional shortfall for the payment of unrepresented cheques of \$28,398 (2018 - \$854,083). Unrepresented cheques are represented as 'Bank overdraft' in the Parliament's balance sheet.

**Note 7 - HOW WE FINANCED OUR OPERATIONS (cont)**

**7.2.1 Reconciliation of net result for the period to cash flow from operating activities**

	(\$ thousand)	
	2019	2018
<b>Net result for the period</b>	<b>2,766</b>	<b>2,931</b>
<b>Non cash movements</b>		
Assets received free of charge	(20)	-
(Gain) / loss on sale or disposal of non-current assets	(47)	(251)
Depreciation of non-current assets	16,919	14,120
Other non-cash movements	(751)	-
<b>Movements in assets and liabilities:</b>		
(Increase) / decrease in receivables	322	16,715
(Increase) / decrease in inventories	22	-
(Increase) / decrease in prepayments	415	(277)
Increase / (decrease) in current payables	(560)	(528)
Increase / (decrease) in unearned income	35	11
Increase / (decrease) in current provisions	82	728
Increase / (decrease) in non current provisions	437	751
<b>Net cash flows from / (used in) operating activities</b>	<b>19,620</b>	<b>34,200</b>

**Note 7 - HOW WE FINANCED OUR OPERATIONS (cont)**

**7.3 Trust account balances**

The Parliament has responsibility for transactions and balances relating to trust funds held on behalf of third parties external to the Parliament. Funds managed on behalf of third parties are not recognised in these financial statements as they are managed on a fiduciary and custodial basis, and therefore are not controlled by Parliament. Parliament maintains the Public Service Commuter Club trust.

*Legislation: Financial Management Act 1994*

Purpose: To record the receipt and payments of amounts relating to the purchase of rail tickets and associated reimbursements from Club members.

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.

	Opening balance as at 1 July 2018	2019 Total receipts	Total payments	(\$ thousand) Closing balance as at 30 June 2019
<b>Administered Trusts</b>				
Public Service Commuter Club	(53)	121	(137)	(69)
<b>Total Administered Trusts</b>	<b>(53)</b>	<b>121</b>	<b>(137)</b>	<b>(69)</b>

	Opening balance as at 1 July 2017	2018 Total receipts	Total payments	(\$ thousand) Closing balance as at 30 June 2018
<b>Administered Trusts</b>				
Public Service Commuter Club	(44)	96	(105)	(53)
<b>Total Administered Trusts</b>	<b>(44)</b>	<b>96</b>	<b>(105)</b>	<b>(53)</b>

**PARLIAMENT OF VICTORIA**  
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**30 June 2019**

**Note 7 - HOW WE FINANCED OUR OPERATIONS (cont)**

**7.4 Commitments for expenditure**

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST. Where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

The following commitments have not been recognised as liabilities in the financial statements: <sup>(a)</sup>

	(\$ thousand)	
	2019	2018
<b>Capital expenditure commitments</b>		
Not longer than one year	7,049	6,158
Longer than one year and not longer than five years	6,519	2,094
<b>Total capital expenditure commitments</b>	<b>13,568</b>	<b>8,252</b>
<b>Operating lease commitments <sup>(b)</sup></b>		
Not longer than one year	5,389	6,568
Longer than one year and not longer than five years	8,537	8,593
Longer than five years	625	1,029
<b>Total operating lease commitments</b>	<b>14,551</b>	<b>16,190</b>
<b>Other commitments payable <sup>(c)</sup></b>		
Not longer than one year	894	705
Longer than one year and not longer than five years	586	175
<b>Total other commitments payable</b>	<b>1,480</b>	<b>880</b>
<b>Total commitments for expenditure (inclusive of GST)</b>	<b>29,599</b>	25,322
<b>Less GST recoverable from the Australian Taxation Office</b>	<b>(2,691)</b>	(2,302)
<b>Total commitments for expenditure (exclusive of GST)</b>	<b>26,908</b>	<b>23,020</b>

(a) For future finance lease payments that are recognised on the balance sheet, refer to Note 7.1.1.

(b) 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.

(c) Other commitments payable consist of agreements for the provision services, such as IT that support the operation of the Parliament.

## Note 8 - RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

Parliament is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for Parliament related mainly to fair value determination.

### Structure

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### 8.1 Financial instruments specific disclosures

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 (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in *AASB 132 Financial Instruments: Presentation*.

#### Categories of financial instruments previously under AASB 139

**Loans and receivables and cash** are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities 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 (and for assets, less any impairment). The Department recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables);

**Financial liabilities at amortised cost** 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. The Parliament recognises the following liabilities in this category:

- payables (excluding statutory payables); and
- borrowings (including finance lease liabilities).

**Note 8 - RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (cont)**

**8.1 Financial instruments specific disclosures (cont)**

**Derecognition of financial assets:** A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- Parliament retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- Parliament has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset; or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Parliament has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Parliament's continuing involvement in the asset.

**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. Receivables are subject to annual review for impairment.

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. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

**Derecognition of financial liabilities:** A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

**Categorisation of financial instruments**

	Category	(\$ thousand)	
		2019	2018
<b>Contractual financial assets</b>			
Cash and deposits	Loans, receivables and cash	198	95
Receivables <sup>(a)</sup>	Loans, receivables and cash	103	124
<b>Total financial assets</b>		<b>301</b>	<b>219</b>
<b>Contractual financial liabilities</b>			
Payables <sup>(b)</sup>	Financial liabilities at amortised cost	7,134	7,699
Bank overdraft	Financial liabilities at amortised cost	28	854
Finance lease payables	Financial liabilities at amortised cost	3,297	3,026
<b>Total financial liabilities</b>		<b>10,459</b>	<b>11,579</b>

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

<sup>(b)</sup> The amount of financial liabilities disclosed here excludes statutory payables (i.e. taxes payable)

## Note 8 - RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (cont)

### 8.1.1 Financial risk management objectives and policies

As a whole, the Parliament's financial risk management program seeks to manage financial risks and the associated volatility of its financial performance.

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 8.3 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. Financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Parliament manages these financial risks in accordance with its financial risk management policy. Parliament uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Accountable Officer of the Parliament.

#### Credit Risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. The Department's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Department. 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.

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

There has been no material change to the Parliament's credit risk profile in 2018-19.

**Note 8 - RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (cont)**

**8.1.1 Financial risk management objectives and policies (cont)**

**Liquidity Risk**

Liquidity risk is the risk that the Parliament would be unable to meet its financial obligations as they fall due. The Parliament operates under the Government fair payments policy of settling financial obligations within 30 days. It also continuously manages risk through monitoring future cash flows. The Parliament's exposure to liquidity risk is insignificant.

**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.

**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 has minimal exposure to interest rate risk as they hold minimal cash deposits and only have fixed rate financial liabilities relating to motor vehicle leases.

**Note 8 - RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (cont)**

**8.1.1 Financial risk management objectives and policies (cont)**

**Interest rate 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.

**8.2 Contingent assets and contingent liabilities**

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

**Contingent assets**

Contingent assets are:

- possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

Bank guarantees from suppliers to form a 5% make good provision on building contracts, and one guarantee for a new electorate office development to cover professional fees. (2018 Bank guarantee from a supplier to the value of a pre-paid contract for the supply of security bollards.)

(\$ thousand)	
2019	2018
1,845	751
1,845	751

**Contingent liabilities**

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- present obligations that arise from past events but are not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
  - the amount of the obligations cannot be measured with sufficient reliability.

(\$ thousand)	
2019	2018
-	100
-	100

(2018 Bank guarantee for protection of identified trees during construction works.)

*Quantifiable contingent liabilities*

(\$ thousand)	
2019	2018
Legal proceedings and disputes <sup>(a)</sup> 17	-
17	-

a) an unfair dismissal application has been made to the Fair Work Commission.

## Note 8 - RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (cont)

### 8.3 - Fair value determination

#### Significant judgement and estimates

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of Parliament.

This section sets out information on how Parliament determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Land, buildings, cultural assets, heritage assets and plant and equipment are carried at fair value.

In addition, the fair values of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure purposes.

Parliament determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

#### Fair value hierarchy

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Parliament determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Parliament, in conjunction with Valuer General Victoria, Armstrong Court, Sainsbury Books and Slattery, monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

#### How this section is structured

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- carrying amount and the fair value (which would be the same for those assets measured at fair value);
- which level of the fair value hierarchy was used to determine the fair value; and
- in respect of those assets and liabilities subject to fair value determination using Level 3 inputs:
  - a reconciliation of the movements in fair values from the beginning of the year to the end; and
  - details of significant unobservable inputs used in the fair value determination.

This section is divided between disclosures in connection with fair value determination for financial instruments (refer to Note 8.3.1) and non-financial physical assets (refer to Note 8.3.1).

**Note 8 - RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (cont)**

**8.3 - Fair value determination (cont)**

**8.3.1 Fair value determination: Non-financial physical assets**

**Fair value measurement hierarchy**

As at 30 June 2019 Description	Carrying amount as at 30 June 2019	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
Land at fair value - specialised land	173,828	-	-	173,828
Buildings at fair value - heritage buildings	469,844	-	-	469,844
Buildings at fair value - specialised buildings	31,025	-	-	31,025
Plant & equipment at fair value	23,217	-	-	23,217
<b>Cultural assets at fair value</b>				
Library collection	7,591	-	7,591	-
Other	4,367	-	4,367	-
<b>Total cultural assets at fair value</b>	<b>11,958</b>	<b>-</b>	<b>11,958</b>	<b>-</b>
<b>Total</b>	<b>709,872</b>	<b>-</b>	<b>11,958</b>	<b>697,914</b>

As at 30 June 2018 Description	Carrying amount as at 30 June 2018	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
Land at fair value - specialised land	150,500	-	-	150,500
Buildings at fair value - heritage buildings	480,436	-	-	480,436
Buildings at fair value - specialised buildings	31,670	-	-	31,670
Plant & equipment at fair value	22,810	-	-	22,810
<b>Cultural assets at fair value</b>				
Library collection	7,591	-	7,591	-
Other	4,232	-	4,232	-
<b>Total cultural assets at fair value</b>	<b>11,823</b>	<b>-</b>	<b>11,823</b>	<b>-</b>
<b>Total</b>	<b>697,239</b>	<b>-</b>	<b>11,823</b>	<b>685,416</b>

There have been no transfers between levels during the period.

## **Note 8 - RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (cont)**

### **8.3 - Fair value determination (cont)**

#### **8.3.1 Fair value determination: Non-financial physical assets**

##### ***Specialised land***

The market approach is used for specialised land, although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as a Level 3 asset.

At the end of June 2019, the Valuer General's indices indicated that a fair value assessment and a managerial revaluation in accordance with the requirements of FRD 103H was required due to a material movement in the value of Parliament's land since the last valuation in June 2017.

##### ***Heritage buildings***

For Parliament's heritage buildings, the depreciated replacement cost method is used, adjusting for the associated depreciations. The estimate of fair value has been completed based on replacement with a like structure. As depreciation adjustments and direct cost per square metre are considered as significant, unobservable inputs in nature, heritage buildings are classified as Level 3 fair value measurements.

An independent valuation of the Parliament's heritage buildings was performed by the Valuer-General Victoria for the financial period ending at 30 June 2017.

##### ***Specialised buildings***

Parliament's specialised buildings have recently been completed and will be valued using the depreciated replacement cost method.

##### ***Plant & equipment at fair value***

Plant & equipment is held at fair value and valued using the depreciated replacement cost method, adjusting for associated depreciations. As depreciation adjustments are considered as significant, unobservable inputs in nature, plant & equipment are classified as Level 3 fair value measurements.

**Note 8 - RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (cont)**

**8.3 - Fair value determination (cont)**

**8.3.1 Fair value determination: Non-financial physical assets**

***Cultural assets at fair value***

Cultural assets are valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets.

For the library collection, valuation of the assets is performed by Sainsbury Books and was determined by researching and checking the prices paid for similar books sold both in Australia and overseas. The last revaluation was performed for the library collection for the financial period ended at 30 June 2017. An interim valuation was performed by Sainsbury Books at 30th June 2019 by reference to CPI and auction prices, no material change in market values was observed.

For other cultural assets (including heritage furniture, heritage items & artworks), valuation of the assets was performed by Armstrong Court and was determined by a comparison to similar examples of the artists or makers work in existence throughout Australia and research on prices paid for similar examples offered at auction or through art galleries in recent years. The last revaluation was performed for heritage items and artwork for the financial period ending at 30th June 2017. An interim valuation was performed by David Freeman at the 30th June 2019 by observing a sample of the asset register. No material change in market values was observed.

To the extent that cultural assets do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

There were no changes in valuation techniques throughout the period to 30 June 2019.

For all assets measured at fair value, the current use is considered the highest and best use.

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**Note 8 - RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (cont)**

**8.3 - Fair value determination (cont)**

**8.3.1 Fair value determination: Non-financial physical assets (cont)**

**Reconciliation of Level 3 fair value**

	(\$ thousand)			
Year ended 30 June 2019	<i>Specialised land</i>	<i>Heritage buildings</i>	<i>Specialised buildings</i>	<i>Plant &amp; equipment</i>
<b>Opening balance</b>	<b>150,500</b>	<b>480,436</b>	<b>31,670</b>	<b>22,810</b>
Purchases (sales)	-	-	-	2,933
Transfer in / (out) of assets under construction	-	257	-	3,786
Transfers in / (out) of Level 3	-	-	-	-
<b>Gains or losses recognised in net result</b>	-	-	-	-
Depreciation	-	(10,849)	(645)	(5,217)
Disposal of assets	-	-	-	(1,095)
<b>Subtotal</b>	<b>150,500</b>	<b>469,844</b>	<b>31,025</b>	<b>23,217</b>
<b>Gains or losses recognised in other economic flows - other comprehensive income</b>				
Revaluation	23,328	-	-	-
<b>Closing balance</b>	<b>173,828</b>	<b>469,844</b>	<b>31,025</b>	<b>23,217</b>

	(\$ thousand)			
Year ended 30 June 2018	<i>Specialised land</i>	<i>Heritage buildings</i>	<i>Specialised buildings</i>	<i>Plant &amp; equipment</i>
Opening balance	150,500	482,608	-	8,941
Purchases (sales)	-	-	-	1,210
Transfer in / (out) of assets under construction	-	8,520	31,670	13,166
Transfers in / (out) of Level 3	-	-	-	2,747
Gains or losses recognised in net result	-	-	-	-
Depreciation	-	(10,692)	-	(3,254)
Disposal of assets	-	-	-	-
<b>Subtotal</b>	<b>150,500</b>	<b>480,436</b>	<b>31,670</b>	<b>22,810</b>
<b>Gains or losses recognised in other economic flows - other comprehensive income</b>				
Revaluation	-	-	-	-
<b>Closing balance</b>	<b>150,500</b>	<b>480,436</b>	<b>31,670</b>	<b>22,810</b>

**Note 8 - RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (cont)**

**8.3 - Fair value determination (cont)**

**8.3.1 Fair value determination: Non-financial physical assets (cont)**

**Description of significant unobservable inputs to Level 3 valuations**

	<i>Valuation technique</i>	<i>Significant unobservable inputs</i>
<b>Specialised land</b>	Market approach. Adjusted by means of a managerial revaluation.	Community Service Obligation (CSO) adjustment
<b>Heritage and specialised buildings</b>	Depreciated replacement cost	Direct cost per square metre  Useful life of heritage buildings Useful life of specialised buildings
<b>Plant &amp; equipment</b>	Depreciated replacement cost	Cost per unit  Useful life of plant & equipment

The significant unobservable inputs have remain unchanged from 2018.

## Note 9 - OTHER DISCLOSURES

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

### Structure

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### 9.1 Ex gratia expenses

Ex gratia expenses are the voluntary payments of money or other non-monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability of or claim against the entity.

	(\$ thousand)	
	2019	2018
Payment made to Estate of Deceased Member of Parliament equivalent to value of Resettlement Allowance	-	78

### 9.2 Other economic flows included in net result

	(\$ thousand)	
	2019	2018
<b>Net gain / (loss) on non-financial physical assets</b>		
Proceeds from sale	1,155	1,156
Written down value of assets sold	(1,108)	(905)
<b>Total net gain / (loss) on non-financial physical assets</b>	<b>47</b>	<b>251</b>
<b>Other gains / (losses) from other economic flows</b>		
Net gain / (loss) arising from revaluation of long service leave liability <sup>(a)</sup>	(967)	(11)
<b>Total other gains / (losses) from other economic flows</b>	<b>(967)</b>	<b>(11)</b>

### Notes

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

**Note 9 - OTHER DISCLOSURES (cont)**

**9.3 Responsible persons**

In accordance with the Ministerial Directions issued by the Assistant Treasurer 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>	<p><b>The Hon Shaun Leane MLC 19th December 2018 to 30th June 2019</b> President of the Legislative Council</p> <p><b>The Hon Bruce Atkinson MLC 1st July 2018 to 19th December 2018</b> President of the Legislative Council</p> <p><b>The Hon Colin Brooks 1st July 2018 to 30th June 2019</b> Speaker of the Legislative Assembly</p>
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**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	
	2019	2018
150,000 - 159,999	1	-
190,000 - 199,999	1	-
320,000 - 329,999	-	1
340,000 - 349,000	-	1
360,000 - 369,999	1	-
<b>Total number</b>	<b>3</b>	<b>2</b>
<b>Total amount (\$ thousand)</b>	<b>713</b>	<b>666</b>

**Note 9 - OTHER DISCLOSURES (cont)**  
**9.3 Responsible persons (cont)**

**Remuneration of Ministers**

Remuneration in the form of salaries and allowances received or receivable under the *Parliamentary Salaries and Superannuation Act 1968* by all Ministers during the year, and paid by the Parliament, is as follows:

	(\$ thousand)	
	<b>Total remuneration</b>	
<b>Remuneration of Ministers</b>	<b>2019</b>	<b>2018</b>
Short-term employee benefits	<b>7,924</b>	7,717
Post-employment benefits	<b>460</b>	281
<b>Total remuneration</b>	<b>8,384</b>	7,998
<b>Total number of Ministers</b>	<b>25</b>	23

**Note 9 - OTHER DISCLOSURES (cont)**

**9.4 Remuneration of executives**

The number of executive officers, other than Accountable Officers, and their total remuneration during the reporting period are shown in the table below. The total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by Parliament or on behalf of the Parliament, in exchange for services rendered, and is disclosed in the following categories.

**Short-term employee benefits** include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

**Post-employment benefits** include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

**Other long-term benefits** include long service leave, other long service benefits or deferred compensation.

**Termination benefits** include termination of employment payments, such as severance packages.

	<b>(\$ thousand)</b>	
	<b>Total Remuneration</b>	
<b>Remuneration of executive officers</b>	<b>2019</b>	2018
Short-term employee benefits	<b>2,049</b>	2,108
Post-employment benefits	<b>156</b>	163
Other long-term benefits	<b>58</b>	139
<b>Total remuneration <sup>(a)</sup></b>	<b>2,263</b>	2,410
<b>Total number of executives</b>	<b>9</b>	8
<b>Total annualised employee equivalents <sup>(b)</sup></b>	<b>7.90</b>	7.65

Notes:

(a) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 *Related Party Disclosures* and are also reported within the related parties note disclosure (Note 9.5).

(b) Annualised employee equivalent is based on the time fraction worked over the reporting period.

**Note 9 - OTHER DISCLOSURES (cont)**

**9.4 Remuneration of executives (cont)**

Parliamentary Budget Office	(\$ thousand)	
	Total Remuneration	
Remuneration of executive officers	2019	2018
Short-term employee benefits	616	-
Post-employment benefits	57	-
Other long-term benefits	14	-
Termination benefits	-	-
<b>Total remuneration <sup>(a)</sup></b>	<b>687</b>	<b>-</b>
<b>Total number of executives</b>	<b>3</b>	<b>-</b>
<b>Total annualised employee equivalents <sup>(b)</sup></b>	<b>2.94</b>	<b>-</b>

*Notes:*

(a) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the Parliamentary Budget Office (PBO) under AASB 124 Related Party Disclosures, but are not reported within the related parties note disclosure (Note 9.5), as they are not KMP of the Parliament of Victoria.

(b) Annualised employee equivalent is based on the time fraction worked over the reporting period.

PBO executives were appointed at the end of the 2017/18 and beginning of the 2018/19 financial years, all remuneration was reported in the 2018/19 financial year.

The Parliamentary Budget Officer is a statutory appointment and excluded from this table.

**Note 9 - OTHER DISCLOSURES (cont)**

**9.5 Related parties**

Related parties of the Parliament include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- all cabinet ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

**Significant transactions with government-related entities**

Parliament received funding from and made payments to the Department of Treasury and Finance through the Consolidated Fund of \$175.4 million (2018: \$165.2 million).

**Key management personnel** of Parliament includes the Presiding Officers, and members of the Parliamentary Executive Group.

**Presiding Officers**

- Hon S. Leane MLC, President, Legislative Council - (19th December 2018 to 30th June 2019)
- Hon B. Atkinson MLC, President, Legislative Council - (1st July 2018 to 19th December 2019)
- Hon C. Brooks - Speaker, Legislative Assembly (1st July 2018 to 30 June 2019)

**Parliamentary Executive Group**

- Peter Lochert, Secretary – Parliamentary Services - (1st July 2018 to 30th June 2019)
- Andrew Young, Clerk – Legislative Council - (1st July 2018 to 30th June 2019)
- Bridget Noonan, Clerk – Legislative Assembly - (4th January 2019 to 30th June 2019)
- Bridget Noonan, Acting Clerk – Legislative Assembly - (1st July 2018 to 4th January 2019)<sup>(a)</sup>

Note: (a) Bridget Noonan was acting in position of the clerk during leave of the clerk.

	<b>(\$ thousand)</b>	
	<b>Total Remuneration</b>	
<b>Compensation of KMPs</b>	<b>2019</b>	2018
Short-term employee benefits	<b>1,656</b>	1,658
Post-employment benefits	<b>122</b>	107
Other long-term benefits	<b>31</b>	88
<b>Total</b>	<b>1,809</b>	<b>1,853</b>

**Transactions and balances with key management personnel and other related parties**

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with Parliament, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

**Note 9 - OTHER DISCLOSURES (cont)**

**9.6 Remuneration of auditors**

Victorian Auditor-General's Office	<b>(\$ thousand)</b>	
	<b>2019</b>	2018
Audit of the financial statements	<b>64</b>	62
	<b>64</b>	62

**9.7 Subsequent events**

The Parliament's policy for events that occur between the end of the reporting period and the date when the financial statements are authorised for issue is as follows:

- adjustments are made to amounts recognised in the financial statements where those events provide information about conditions that existed at the reporting date; and/or
- disclosure is made where the events relate to conditions that arose after the end of the reporting period that are considered to be of material interest.

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

**9.8 Other accounting policies**

**Contributions by owners**

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of Parliament.

Additions to net assets that have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners 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. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

## Note 9 - OTHER DISCLOSURES (cont)

### 9.9 Issued but not yet effective Australian accounting and reporting pronouncements

The following AASs become effective for reporting periods commencing after 1 July 2019:

- AASB 1059 *Service Concession Arrangements: Grantor*;
- AASB 16 *Leases*;
- AASB 15 *Revenue from Contract with Customers*; and
- AASB 1058 *Income of Not-for-Profit Entities*.

AASB 16 *Leases* is the only new accounting standard that affects parliament.

#### Leases

AASB 16 *Leases* replaces AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases-Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases on the balance sheet by recording a Right-Of-Use (RoU) asset and a lease liability except for leases that are shorter than 12 months and leases where the underlying asset is of low value (deemed to be below \$10,000).

AASB 16 also requires the lessees to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset, and remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The amount of the remeasurement of the lease liability will generally be recognised as an adjustment to the RoU asset.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The effective date is for annual reporting periods beginning on or after 1 January 2019. Parliament intends to adopt AASB 16 in 2019-20 financial year when it becomes effective.

Parliament will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.

Various practical expedients are available on adoption to account for leases previously classified by a lessee as operating leases under AASB 117. Parliament will elect to use the exemptions for all short-term leases (lease term less than 12 months) and low value leases (deemed to be below \$10,000).

**Note 9 - OTHER DISCLOSURES (cont)**

**9.9 Issued but not yet effective Australian accounting and reporting pronouncements (cont)**

In addition, AASB 2018-8 – Amendments to Australian Accounting Standards – Right-of-Use Assets (RoU) of Not-for-Profit Entities allows a temporary option for not-for-profit entities to not measure RoU assets at initial recognition at fair value in respect of leases that have significantly below-market terms, since further guidance is expected to be developed to assist not-for-profit entities in measuring RoU assets at fair value. The Standard requires an entity that elects to apply the option (i.e. measures a class or classes of such RoU assets at cost rather than fair value) to include additional disclosures. Parliament intends to choose the temporary relief to value the RoU asset at the present value of the payments required (at cost).

Parliament has performed a detailed impact assessment of AASB 16 and the potential impact in the initial year of application has been estimated as follows:

- increase in RoU (\$29,554,000),
- increase in related depreciation (\$6,202,000),
- increase in lease liability (\$29,691,000),
- increase in related interest (\$801,000) calculated using effective interest method, and
- decrease in rental expense (\$6,866,000).

There is no intention to early adopt the above accounting standards.



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