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To the Clerk Legislative Council

Opinion

I have audited the financial report of the Legislative Council for the financial year ended 30 June 2023.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Legislative Council as at 30 June 2023, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The consolidated financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2023
- a Statement of Financial Position as at 30 June 2023
- a Statement of Changes in Equity for the year ended 30 June 2023
- a Statement of Cash Flows for the year ended 30 June 2023
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Clerk, Legislative Council and the Chief Finance Officer, Joint Parliamentary Service.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Legislative Council. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

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

Responsibilities of the Clerk of the Legislative Council for the financial report

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

In preparing the financial report, the Clerk of the Legislative Council is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Clerk of the Legislative Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Legislative Council for the financial year ended 30 June 2023.

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 Legislative Council's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Clerk of the Legislative Council
- conclude on the appropriateness of the Clerk of the Legislative Council's 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 entity'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 the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity 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.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Clerk of the Legislative Council about, 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 the audit.



Daniel O'Donohue
Acting Auditor-General

09 November 2023

Legislative Council

Financial Statements

For the year ended 30 June 2023

Legislative Council
Certification of the Financial Statements
for the year ended 30 June 2023

We certify that the:

- financial statements of the Legislative Council:
 - are in accordance with the accounts and records of the Legislative Council;
 - comply with relevant Treasurer's instructions;
 - comply with relevant Australian Accounting Standards;
 - present a true and fair view of the financial position of the Legislative Council at the end of the financial year and the result of its operation and cash flows for the financial year.
- internal controls employed by the Legislative Council for the financial year over its financial reporting and its preparation of financial statements have been effective.



Clerk
Legislative Council

25/10/2023



Chief Finance Officer
Joint Parliamentary Service

25/10/2023

Legislative Council
Statement of Comprehensive Income
for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Income			
Appropriation	2.1	12 436	11 422
Other income		57	51
Total income		<u>12 493</u>	<u>11 473</u>
Expenses			
Employee benefits expenses	3.2	2 682	2 135
Members' salaries and allowances	3.3	6 319	5 421
Supplies and services	4.1	2 208	2 037
Depreciation	4.2	21	18
Assets provided for nil consideration to the Joint Parliamentary Service		-	74
Cash alignment transfers		1 333	1 131
Total expenses		<u>12 563</u>	<u>10 816</u>
Net result		<u>(70)</u>	<u>657</u>
Total comprehensive result		<u>(70)</u>	<u>657</u>

The accompanying notes form part of these financial statements.

Legislative Council
Statement of Financial Position
As at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Current assets			
Cash and cash equivalents	6.1	4 412	3 900
Receivables	6.2	230	753
Total current assets		4 642	4 653
Non-current assets			
Property, plant and equipment	5.1	1 445	1 315
Total non-current assets		1 445	1 315
Total assets		6 087	5 968
Current liabilities			
Payables	7.1	197	142
Employee benefits	3.4	271	344
Provisions	7.2	4	3
Total current liabilities		472	489
Non-current liabilities			
Payables	7.1	180	152
Employee benefits	3.4	1 120	945
Provisions	7.2	11	8
Total non-current liabilities		1 311	1 105
Total liabilities		1 783	1 594
Net assets		4 304	4 374
Equity			
Retained earnings		4 266	4 336
Asset revaluation surplus		38	38
Total equity		4 304	4 374

The accompanying notes form part of these financial statements.

Legislative Council
Statement of Changes in Equity
for the year ended 30 June 2023

	Asset Revaluation Surplus \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2021	38	3 679	3 717
Net result for 2021-22	-	657	657
Total comprehensive result for 2021-22	-	657	657
Balance at 30 June 2022	38	4 336	4 374
Net result for 2022-23	-	(70)	(70)
Total comprehensive result for 2022-23	-	(70)	(70)
Balance at 30 June 2023	38	4 266	4 304

The accompanying notes form part of these financial statements.

Legislative Council
Statement of Cash Flows
for the year ended 30 June 2023

	2023	2022
	Inflows	Inflows
	(Outflows)	(Outflows)
Note	\$'000	\$'000
Cash flows from operating activities		
Cash inflows		
Appropriation	12 436	11 422
GST recovered from the ATO	223	-
Other receipts	583	-
Cash generated from operating activities	13 242	11 422
Cash outflows		
Employee benefits payments	(2 594)	(2 166)
Members' salaries allowances and superannuation	(6 319)	(5 421)
Payments for supplies and services	(2 333)	(2 506)
Cash alignment transfers to Consolidated Account	(1 333)	(1 131)
Cash used in operating activities	(12 579)	(11 224)
Net cash provided by / (used in) operating activities	8.2 663	198
Cash flows from investing activities		
Purchase of property, plant and equipment	(151)	(174)
Cash used in investing activities	(151)	(174)
Net cash provided by / (used in) investing activities	(151)	(174)
Net increase / (decrease) in cash and cash equivalents	512	24
Cash and cash equivalents at the beginning of the reporting period	3 900	3 876
Cash and cash equivalents at the end of the reporting period	6.1 4 412	3 900

The accompanying notes form part of these financial statements.

Legislative Council
Notes to and forming part of the financial statements
For the year ended 30 June 2023

1. About the Legislative Council

The Legislative Council (LC) is a not-for-profit entity and is established pursuant to the *Constitution Act 1934*.

LC consists of twenty-two Members elected by the inhabitants of the State legally qualified to vote.

LC does not control any other entity and has no interests in unconsolidated structured entities. The financial statements and accompanying notes include all the controlled activities of LC.

1.1 Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards.

The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

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

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable.

1.2 Objectives and Programs

LC, together with the House of Assembly, constitute the Parliament of South Australia. The principal purpose of Parliament is to legislate for peace, order and responsible governance of South Australia.

Legislative Council
Notes to and forming part of the financial statements
For the year ended 30 June 2023

2. Income

2.1. Appropriation

	2023	2022
	\$'000	\$'000
Appropriation from Consolidated Account pursuant to the Appropriation Act	5 926	5 803
Appropriation received under the <i>Parliamentary Remuneration Act 1990</i> and the <i>Parliamentary Committees Act 1991</i>	6 510	5 619
Total appropriation	12 436	11 422

Appropriations are recognised on receipt.

Legislative Council
Notes to and forming part of the financial statements
For the year ended 30 June 2023

3. Employees

LC employs clerical and administrative officers to deliver its goals.

3.1. Key management personnel

Key management personnel of LC include the Clerk and the Deputy Clerk. Total compensation for key management personnel was \$603 000 in 2022-23 and \$438 000 in 2021-22.

3.2. Employee benefits expenses

	2023	2022
	\$'000	\$'000
Salaries and wages	2 341	1 841
Employment on-costs - Superannuation	382	325
Employment on-costs - Other	(7)	(30)
Workers compensation	(34)	(1)
Total employee benefits expenses	2 682	2 135

Employment on-costs - superannuation

The superannuation employment on-cost charge represents the LC's contributions to superannuation plans in respect of current services of current employees.

Executive remuneration

	2023	2022
\$160 001 – \$180 000	-	1
\$220 001 – \$240 000	-	1
\$260 001 – \$280 000	1	-
\$320 001 – \$340 000	1	-
Total	2	2

The total remuneration received by those employees for the year was \$603 000 (2022: \$438 000).

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits.

Legislative Council
Notes to and forming part of the financial statements
For the year ended 30 June 2023

3.3. Members salaries and allowances

	2023	2022
	\$'000	\$'000
Members' salaries and electorate allowances	5 413	4 651
On-costs - superannuation	863	734
On-costs - other	43	36
Total members' salaries and allowances	6 319	5 421

Members' salaries, electorate allowances and additional salaries of \$5.4 million (2022: \$4.7 million) reflected in these financial statements are paid from Appropriations provided under the *Parliamentary Remuneration Act 1990* and the *Parliamentary Committees Act 1991*. Ministers' salaries and allowances totalling \$796 000 (2022: \$1.0 million) and superannuation of \$117 000 (2022: \$232 000) are not reported in these financial statements but in the financial statements of each Minister's respective Department.

Under the *Parliamentary Remuneration Act 1990*, Members of Parliament have an option to a motor vehicle for private use in lieu of their remuneration. Members lease the vehicles from Fleet SA through the Department of Treasury and Finance (Electorate Services). There is no added cost to LC due to this scheme, as payments for the vehicles are made out of Members' remuneration packages disclosed above.

3.4. Employee benefits liability

	2023	2022
	\$'000	\$'000
<u>Current</u>		
Annual leave	162	163
Long service leave	68	80
Skills and experience retention leave	40	38
Accrued salaries and wages	1	63
Total current employee benefits	271	344
<u>Non-current</u>		
Annual leave	226	185
Long service leave	894	760
Total non-current employee benefits	1 120	945
Total employee benefits	1 391	1 289

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

Salaries and wages, annual leave, skills and experience retention leave (SERL) and sick leave

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

The current annual leave liability and the SERL liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

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

Legislative Council
Notes to and forming part of the financial statements
For the year ended 30 June 2023

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by staff up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability are provided at note 10.1.

4. Expenses

Employee benefits expenses and Members' salaries and allowances are disclosed in notes 3.2 and 3.3, respectively.

4.1. Supplies and services

	2023	2022
	\$'000	\$'000
Supplies and services - Members of Parliament		
Country members accommodation	79	81
Postage	85	147
Printing, stationery and publications	101	125
Advertisements and constituent communications	80	70
Telephone	52	45
Minor asset purchases	47	44
Information technology	56	38
Fringe benefits tax	39	37
Travelling expenses	7	9
Administrative Services	27	8
Ex-members allowances	22	8
Other	24	11
Total supplies and services - Members of Parliament	619	623
Supplies and services - other		
Security	525	408
Information technology	328	357
Printing, stationery and publications	271	224
Consultants fees	28	199
Accommodation	72	60
Advertising	82	37
Community engagement	113	34
Travelling expenses	8	18
Minor works and equipment	45	14
Uniforms and allowances	4	10
Subscription television	6	7
Telephone	1	4
Agency staff hire	2	-
Commonwealth Parliamentary Association	7	-
Fringe benefits tax	16	-
Staff Training	2	-
Other	79	42
Total supplies and services - Other	1 589	1 414
Total supplies and services	2 208	2 037

Legislative Council
Notes to and forming part of the financial statements
For the year ended 30 June 2023

4.1. Supplies and services (continued)

Supplies and services to Members of Parliament

Members of Parliament are able to access the country members' accommodation allowance, determined by the Remuneration Tribunal of South Australia. The South Australian Government Cabinet approves the various travel entitlements and the stationery allowance provided to Members. Former Members of Parliament are entitled to an allowance for rail travel, as approved by the Executive Council.

Accommodation

LC's accommodation is provided by the Department for Infrastructure and Transport under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies. MoAA do not meet the definition of lease set out in *AASB 16 Leases*.

Legislative Council
Notes to and forming part of the financial statements
For the year ended 30 June 2023

4.2. Depreciation

	2023	2022
	\$'000	\$'000
Depreciation		
Plant and equipment	8	7
Fixtures and fittings	5	5
Computer equipment	8	6
Total depreciation	<u>21</u>	<u>18</u>

All non-current assets, having a limited useful life, are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential.

Review of accounting estimates

Assets' residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, on an annual basis. Changes in the expected life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate.

Useful Life

Depreciation is calculated on a straight line basis. Property, plant and equipment depreciation is calculated over the estimated useful life as follows:

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

The majority of fixtures and fittings are antiques, they are anticipated to have a very long and indeterminate useful life and therefore not depreciated.

Works of art controlled by LC are anticipated to have very long and indeterminate useful lives. Their service potential has not, in any material sense, been consumed during the reporting period. Consequently, no amount for depreciation has been recognised during the reporting period for this class of asset.

Legislative Council
Notes to and forming part of the financial statements
For the year ended 30 June 2023

5. Non-financial assets

5.1. Property, plant and equipment by asset class

	2023 \$'000	2022 \$'000
Plant and equipment		
Fair value	33	33
Less: Accumulated depreciation	(15)	(7)
Total plant and equipment	<u>18</u>	<u>26</u>
Fixtures and fittings		
Fair value	524	524
Less: Accumulated depreciation	(10)	(5)
Total fixture and fittings	<u>514</u>	<u>519</u>
Computer equipment		
Fair value	25	25
Less: Accumulated depreciation	(14)	(6)
Total computer equipment	<u>11</u>	<u>19</u>
Works of art		
Fair value	403	403
Total works of art	<u>403</u>	<u>403</u>
Capital works in progress		
Capital works in progress (at cost)	499	348
Total capital works in progress	<u>499</u>	<u>348</u>
Total property, plant and equipment	<u><u>1 445</u></u>	<u><u>1 315</u></u>

Property, plant and equipment with a value equal to or in excess of \$5 000 is capitalised, otherwise it is expensed.

Property, plant and equipment is recorded at fair value, except capital works in progress which are recorded at cost. Detail about LC's approach to fair value is set out in note 10.2.

Impairment

Property, plant and equipment have not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity and are subject to regular revaluation.

Revaluation of property, plant and equipment is undertaken on a regular cycle as detailed in note 10.2. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

Legislative Council
Notes to and forming part of the financial statements
For the year ended 30 June 2023

5.1. Property, plant and equipment by asset class (continued)

Reconciliation 2022-23

	Plant and equipment \$'000	Fixtures and fittings \$'000	Computer Equipment \$'000	Works of art \$'000	Capital works in progress \$'000	Total \$'000
Carrying amount at 1 July 2022	26	519	19	403	348	1 315
Additions	-	-	-	-	151	151
Depreciation	(8)	(5)	(8)	-	-	(21)
Carrying amount at 30 June 2023	18	514	11	403	499	1 445

Reconciliation 2021-22

	Plant and equipment \$'000	Fixtures and fittings \$'000	Computer Equipment \$'000	Works of art \$'000	Capital works in progress \$'000	Total \$'000
Carrying amount at 1 July 2021	8	528	28	383	267	1 214
Additions	10	-	9	-	155	174
Assets provided for nil consideration	-	-	-	-	(74)	(74)
Depreciation	(7)	(5)	(6)	-	-	(18)
Other	15	(4)	(12)	20	-	19
Carrying amount at 30 June 2022	26	519	19	403	348	1 315

Legislative Council
Notes to and forming part of the financial statements
For the year ended 30 June 2023

6. Financial assets

6.1. Cash and cash equivalents

	2023	2022
	\$'000	\$'000
Deposits with the Treasurer (Special deposit accounts)		
Accrual Appropriation Excess Funds	2 886	2 706
Total deposits with the Treasurer (Special deposit accounts)	2 886	2 706
Operating bank account	1 526	1 194
Total cash and cash equivalents	4 412	3 900

Deposits with the Treasurer

Special deposit accounts are established under section 8 of the *Public Finance and Audit Act 1987*. Special deposit accounts must be used in accordance with their approved purpose.

Some of LC's appropriation is deposited into the Accrual Appropriation Excess Funds account. Although LC controls the money reported above in the Accrual Appropriation Excess Funds Account, its use must be approved by the Treasurer. LC does not earn interest on its deposits with the Treasurer.

6.2. Receivables

	2023	2022
	\$'000	\$'000
Members remuneration recovery	192	468
Prepayments	33	35
Other	5	250
Total current receivables	230	753
Total receivables	230	753

Receivables and prepayments are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

The LC does not hold any receivables arising from contracts with customers, as specified in *AASB 15 - Revenue from Contracts with Customers*.

Legislative Council
Notes to and forming part of the financial statements
For the year ended 30 June 2023

7. Liabilities

Employee benefits liabilities are disclosed in note 3.4.

7.1. Payables

	2023 \$'000	2022 \$'000
Current		
Creditors	76	13
Accrued expenses	77	75
Statutory payables		
Employment on-costs	44	54
Total current payables	<u>197</u>	<u>142</u>
Non-current		
Statutory payables		
Employment on-costs	180	152
Total non-current payables	<u>180</u>	<u>152</u>
Total payables	<u><u>377</u></u>	<u><u>294</u></u>

Payables and accrued expenses are recognised for all amounts owing but unpaid. Payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

Statutory payables do not arise from contracts.

Employment on-costs

Employment on-costs include payroll tax, ReturnToWorkSA levies and superannuation contributions and are settled when the respective employee benefits that they relate to are discharged. These on-costs primarily relate to the balance of leave owing to employees. Estimates as to the proportion of long service leave estimated to be taken as leave, rather than paid on termination, affects whether certain on-costs are recognised as a consequence of long service leave liabilities.

The LC makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

As a result of an actuarial assessment performed by DTF, the proportion of long service leave taken as leave has changed from the 2022 rate (42%) to 43%. The average factor for the calculation of employer superannuation on-costs has changed from the 2022 rate (10.6%) to 11.1%. These rates are used in the employment on-cost calculation. The net financial effect of these changes in the current financial year is immaterial.

Legislative Council
Notes to and forming part of the financial statements
For the year ended 30 June 2023

7.2. Provisions

	2023	2022
	\$'000	\$'000
Current		
Provision for workers compensation	4	3
Total current provisions	<u>4</u>	<u>3</u>
Non-current		
Provision for workers compensation	11	8
Total non-current provisions	<u>11</u>	<u>8</u>
Total provisions	<u><u>15</u></u>	<u><u>11</u></u>
<i>Provision movement</i>		
Carrying amount at 1 July	11	13
Additional provisions recognised	4	-
Reduction in provisions recognised	-	(2)
Carrying amount at 30 June	<u><u>15</u></u>	<u><u>11</u></u>

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2023 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The provision is for the estimated cost of ongoing payments to staff as required under current legislation.

The LC is responsible for the payment of workers compensation claims.

Legislative Council
Notes to and forming part of the financial statements
For the year ended 30 June 2023

8. Other disclosures

8.1. Equity

The asset revaluation surplus is used to record increments and decrements in the fair value of property, plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

8.2. Cash flow

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

	2023	2022
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	4 412	3 900
Balance as per the Statement of Cash Flows	4 412	3 900
Reconciliation of net cash provided by/(used in) operating activities to net result from providing services		
Net cash provided by/(used in) operating activities	663	198
Add / (less) non-cash items		
Depreciation expense of non-current assets	(21)	(18)
Assets provided for nil consideration to the Joint Parliamentary Service	-	(74)
Movement in assets and liabilities		
(Decrease)/increase in receivables	(523)	479
(Increase)/decrease in payables	(83)	39
(Increase)/decrease in employee benefits	(102)	31
(Increase)/decrease in provisions	(4)	2
Net result	(70)	657

Legislative Council
Notes to and forming part of the financial statements
For the year ended 30 June 2023

9. Outlook

9.1. Unrecognised contractual commitments

Commitments include operating and outsourcing commitments arising from contractual or statutory sources and are disclosed at their nominal value.

	2023	2022
	\$'000	\$'000
Commitments in relation to arrangements contracted at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	61	60
Later than one year but not longer than five years	66	26
Total expenditure commitments	127	86

LC's commitment is for office accommodation, through MoAAs with the Department for Infrastructure and Transport. The arrangements are cancellable with term remaining of 29 months. Rent is payable in arrears.

9.2. Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

LC is not aware of any contingent assets or liabilities.

9.3. Events after reporting period

There are no known events after balance date that affect these financial statements.

Legislative Council
Notes to and forming part of the financial statements
For the year ended 30 June 2023

10. Measurement and risk

10.1. Long service leave liability - measurement

AASB 119 Employee Benefits contains the calculation methodology for long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of staff departures and periods of service. These assumptions are based on staff data over SA Government entities.

AASB 119 Employee Benefits requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has increased from 2022 (3.5%) to 2023 (4.0%).

This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance has increased the salary inflation rate from 2022 (2.5%) to 2023 (3.5%) for long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$21 000 and employee benefits expense of \$21 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

10.2. Fair Value

AASB 13 Fair Value Measurement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

Initial recognition

Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position.

Revaluation

Property, plant and equipment, excluding capital WIP, are subsequently measured at fair value after allowing for accumulated depreciation.

The revaluation process is reviewed by the Chief Finance Officer each year.

Revaluation is undertaken on a regular cycle. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

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

An independent valuation of the property, plant and equipment owned by LC was conducted as at 30 June 2021 by Fred Taormina B.App.Sc.(Val.), A.A.P.I. (Associate member of the Australian Property Institute) Certified Practicing Valuer on behalf of Valcorp Pty Ltd.

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10.3. Financial instruments

Financial risk management

Risk management is managed by LC's executive management. LC is exposed to financial risk - liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

Liquidity risk

LC is funded principally from appropriation by the SA Government. LC works with the Department of Treasury and Finance to determine the cash flows required for the parliamentary process and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

Credit risk

LC has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. No collateral is held as security and no credit enhancements relate to financial assets held by LC.

Market risk

LC does not trade in foreign currency, nor enter into transactions for speculative purposes, nor for hedging. LC does not undertake any hedging in relation to interest or foreign currency risk and manages its risk as per the government's risk management strategy articulated in TI 23 Management of Foreign Currency Exposures.

There have been no changes in risk exposure since the last reporting period.

Categorisation of financial instruments

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

Classification of financial instruments

LC measures all financial instruments at amortised cost.

	Note	2023 Carrying amount \$'000	2022 Carrying amount \$'000
Financial assets			
Cash and cash equivalents			
Cash and cash equivalents	6.1	4 412	3 900
Financial assets at amortised cost			
Receivables	6.2	192	716
Total financial assets		4 604	4 616
Financial liabilities			
Financial liabilities at amortised cost			
Payables	7.1	118	65
Total financial liabilities		118	65

Statutory receivables and payables

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. This includes Commonwealth, State and Local Government taxes and equivalents, fees and charges and Auditor-General's Department audit fees. This is in addition to employee related payables, such as payroll tax, Fringe Benefits Tax, Pay As You Go Withholding and ReturnToWorkSA levies. In government, certain rights to receive or pay cash may not be contractual but have their source in legislation and therefore, in these situations, the disclosure requirements of AASB 7 *Financial Instruments: Disclosures* will not apply. The standard defines contract as enforceable by law. All amounts recorded are carried at cost.