



Parliamentary Counsel's Office

2013–14 ANNUAL REPORT



New South Wales Government
NSW legislation

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NSW legislation

This is the official NSW Government website for online publication of legislation and is provided and maintained by the

The website contains:

- Acts, regulations, planning instruments and other statutory instruments, as constantly consolidated and updated
- Point-in-time historical and repealed versions from the In Force database
- Notification-Gazette: official online notification of the making of new statutory instruments and the publication of
- Acts as assented to since 1924 in the static, archival As Made database
- Statutory instruments as originally made since 1990
- NSW Government Gazettes published since 2001
- Advanced searching and browsing features
- User-generated tables of information about legislation
- Bills—introduced, explanatory notes and consultation drafts

Legislation on this website is generally authorised—see [About](#)

Information about [Government Gazette](#) arrangements from 1 January 2014

PARLIAMENTARY COUNSEL'S OFFICE ANNUAL REPORT 2013–14

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View or download this report from the Parliamentary Counsel's Office corporate website:

www.pco.nsw.gov.au

Parliamentary Counsel's letter to the Premier

Dear Premier

I am pleased to forward to you the 2013–14 Annual Report for the Parliamentary Counsel's Office for presentation to Parliament.

This report has been prepared in accordance with the *Annual Reports (Departments) Act 1985* and includes the financial statements prepared in accordance with the *Public Finance and Audit Act 1983*.

Yours sincerely



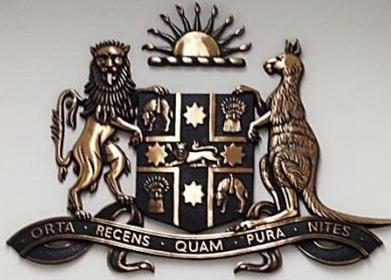
Don Colagiuri SC
Parliamentary Counsel

Dated: 28 October 2014

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New South Wales
Parliamentary Counsel's Office

Parliamentary Counsel's Office

From the Parliamentary Counsel

2013–14 was another challenging year for the Parliamentary Counsel's Office (PCO), with many organisational changes to be managed while continuing to deliver the ongoing legislative drafting and publishing services required for the Government's legislative agenda and for the legislative agenda of non-government Members of Parliament.

The drafting process continues to be challenged by the increased pace of legislative reform and increased community and stakeholder consultation. PCO has responded by maintaining its focus on the timely delivery of efficient and high-quality drafting and publishing services.

This year saw PCO move from being part of the Department of Premier and Cabinet to becoming a Public Service executive agency. Other organisational changes included taking on responsibility for the compilation and publication of the Government Gazette and engaging all staff in a knowledge management program to ensure PCO has access to the information it needs to continue to provide high quality services into the future.

I would like to acknowledge and thank all the staff of PCO for their tireless work and outstanding professionalism over the past year.

Don Colagiuri SC
Parliamentary Counsel

Date: 28 October 2014

About us

The Parliamentary Counsel's Office (PCO) is a Public Service executive agency that provides the Government with a comprehensive and integrated range of high quality services for drafting and developing legislation, publishing legislation and providing advice and information about legislation to government. PCO also provides drafting services to non-government Members of Parliament. PCO provides public access to legislation through the authorised NSW legislation website www.legislation.nsw.gov.au.

The modern PCO derives directly from the drafting institution established in New South Wales approximately 136 years ago. The appointment of the first permanent Parliamentary Draftsman was made on 1 June 1878. In 1970 the Parliamentary Draftsman became known as the Parliamentary Counsel. There have been 10 incumbents who have served in the position since 1878.

The position was responsible to the Attorney General until 1991. In 1991, PCO became a separate Administrative Office reporting to the Premier through the Director-General of The Cabinet Office. In March 2006, PCO was merged with The Cabinet Office but retained its status as a separate Office managed by the Parliamentary Counsel. In April 2007, PCO became a separate office within the Department of Premier and Cabinet (DPC) following the merger of the Premier's Department and The Cabinet Office.

On 24 February 2014, with the commencement of the *Government Sector Employment Act 2013*, PCO became a Public Service executive agency related to the Department of Premier and Cabinet.



Our functions and services

Legislative drafting and publishing services

PCO operates the following 5 programs that provide drafting and publishing services to stakeholders:

- Government Bills and Amendments in Committee, including the provision of publishing support to Parliament.
- Statutory Instruments.
- Environmental Planning Instruments.
- Non-government Bills and Amendments in Committee.
- Australasian Parliamentary Counsel's Committee drafting, including national and uniform laws and the provision of secretariat functions for the Committee.

Public access to legislation

PCO operates the following 4 programs that provide public access to legislation and information about legislation:

- NSW Legislation website, which provides for the official publication of NSW legislation.
- Official Notification of Statutory Instruments and the Government Gazette.
- The Legislation Database, which is an up-to-date and historical collection of NSW legislation.
- A Legislation Information Service that responds to telephone and email inquiries about the status of legislation.

Our clients and stakeholders

The principal client of PCO is the Government, including Ministers of the Crown and Government agencies. Our other stakeholders include Parliament, individual Members of Parliament and the public.

PCO is a vital link in the legislative process, working with Cabinet, Parliament and officers from Government agencies to meet the Parliamentary program and the Subordinate Legislation program. PCO also works with other organisations to promote uniform legislation and plain language, and to further refine the content, appearance and availability of legislation.

Our Mission

To provide the Government and other stakeholders with a comprehensive and integrated range of high quality services for the drafting and development of legislation, the publication of legislation, and the giving of advice and information about legislation.

Section 1 2013–14 Performance

Overview

PCO has continued to deliver its program outcomes throughout 2013–14, and the service measures and results of each program are detailed in the *Key results of programs* section of this report. For ease of comparison with previous years and across jurisdictions, performance statistics for each program for the full year are included in this report, even though PCO was part of DPC for part of that year. The achievements of PCO's key programs are summarised below.

Delivering legislative drafting services

PCO has continued to meet the demands of the NSW Government's legislative program by completing a high volume of draft legislation during 2013–14. All Bills were drafted and published for introduction to Parliament within the required timeframes, including the drafting of urgent legislation for the recall of Parliament in January 2014. PCO exceeded most drafting and publishing targets throughout this period, particularly in the turnaround times for drafting statutory instruments and environmental planning instruments.

Providing access to legislation

PCO continued to provide free public access to an authoritative, up-to-date collection of NSW legislation through its legislation website, www.legislation.nsw.gov.au, which includes the comprehensive and integrated database maintained by PCO and notification and gazettal of new instruments and notices. PCO handled a high volume of material during 2013–14, including exceeding the target of updating the NSW legislation website within 3 working days, with most updates provided within 1 working day.

PCO system developments and projects

PCO strives to improve its internal systems to ensure it continues to deliver a high standard of legislative drafting and publishing services into the future. During the reporting period improvements were made to the back-end systems that publish legislation on the NSW legislation website. This created internal efficiencies for publishing processes, improved publication speed and gave PCO greater control over the timing of publications. In addition, the printed page size for all legislation was changed from B5 to A4. As a result of more text on the page, the overall number of pages reduced by 20–25% creating economies for PCO and users when printing legislation.

Other developments

During 2013–14 PCO successfully managed the establishment of PCO as a Public Service executive agency on 24 February 2014, the assumption of responsibility for producing and publishing the Government Gazette from 1 January 2014, and the establishment of a Knowledge Management Program to pro-actively address the identified risk of knowledge loss and the facilitation of succession planning.

Key results of programs

Business Plan and results 2013–14

PCO has an annual Business Plan that sets out the programs it provides. The Business Plan includes performance measures, responsibility and time frames, and is subject to monthly reporting.

Delivering legislative drafting services for New South Wales

PCO Program 1: Government Bill Drafting and Publishing

PCO Program 2: Statutory Instrument Drafting and Publishing

PCO Program 3: Environmental Planning Instrument Drafting and Publishing

PCO Program 4: Non-government Bill Drafting and Publishing

PCO Program 5: Parliamentary Counsel's Committee Drafting Program

Services that provide the public and government with access to legislation and information about legislation

PCO Program 6: NSW Legislation Website

PCO Program 7: Government Gazette

PCO Program 8: Legislation Database

PCO Program 9: Legislation Information Service

PCO Program 10: Annual Printed Volumes of Acts

Maintaining and improving Office-wide services and projects

PCO Program 11: Knowledge Management

PCO Program 12: Legislative Systems Maintenance, Development and Projects

PCO Program 13: Cross Program Monitoring and Corporate Governance Activities

Delivering legislative drafting services for New South Wales

Program 1—Government Bill Drafting and Publishing

PCO's main function is to draft and publish Bills and Amendments in Committee in accordance with the timeframes and standards required by the Government's parliamentary program. In addition, PCO provides advice on legislative proposals as part of this Program.

PCO, as a service to Parliament, publishes Bills and republishes amended Bills for all stages of the Parliamentary process and provides electronic copies for publication on the Parliament House website. PCO also provides bulk printed copies of introduced or republished Bills for Parliament and vellums for assent by the Governor.

Where practicable, Bill drafting work was done on a collegiate basis. Draft Bills continued to be scrutinised by a group of the most senior drafters and all Bills received comprehensive editorial, legal, and quality assurance checks.

The Cabinet Standing Committee on Legislation streamlines the process of finalising and programming the introduction of Government Bills. The Parliamentary Counsel attended 27 meetings of the committee during the year and briefed it on Bills on the Committee's agenda and on the status of draft Bills generally.

The **service measure** for this Program is:

- to meet drafting and publishing volumes and deadlines as set by the Government to the quality standard expected and provide support for the Bill passage process.

2013–14 Performance

This year, a total of 105 Government Bills were introduced. For reasons of confidentiality only those Bills introduced into Parliament or formally exposed are reported. At 30 June 2014, a number of Bills were completed but not proceeded with or were in the course of preparation.

	2009–10	2010–11	2011–12	2012–13	2013–14
Bills introduced	127	98	99	109	105
Pages*	3,417	2,800	2,945	3,650	3,028
Bills exposed	6	3	2	6	3
Pages	340	139	86	423	137
Amendments in Committee	121	96	59	67	107

*Note: In 2013–14 the printed page size was changed from B5 to A4 enabling more text on each page. As a result, the overall number of pages reduced by 20–25%. The equivalent B5 page count for 2013–14 is approximately 3,785.

Statute Law Revision

The Statute Law Revision Program is a sub-program of the Bill drafting and publishing program. The Statute Law Revision Program has been an effective and economical means of making minor amendments and removing unnecessary laws. The program, which has run for almost 30 years, has three aspects:

- Making minor, non-controversial amendments, sponsored by Ministers.
- Making amendments of a purely statute law revision nature, sponsored by PCO.
- Repealing Acts and instruments that are redundant or of no practical utility.

The **service measure** for this sub-program is:

- to manage the drafting and publishing for the Statute Law Revision program to the standard and timetable set by the Government.

2013–14 Performance

Two Statute Law Bills were introduced and passed. These Bills amended 96 Acts and instruments and repealed 5 Acts and instruments.

Program 2—Statutory Instrument Drafting and Publishing

PCO is responsible for the drafting and publishing of a range of statutory instruments to the standard and timetable requested by the Government. Statutory instruments drafted under this Program include regulations, rules, orders and proclamations. The Program extends to the provision of source data for the official publication of instruments once they have been made by the Governor. In addition, PCO provides advice on legislative proposals as part of this Program. The Staged Repeal of Subordinate Legislation Program is a sub-program.

The statutory instruments drafted by PCO also include the Uniform Civil Procedure Rules and specific rules of court for the Supreme Court and other courts and tribunals.

PCO also continued to operate the centralised scheme for notifying Parliament of regulations and other statutory instruments that require tabling. Under the scheme, PCO identifies and provides to Parliament those instruments that are required to be tabled in Parliament and which either House of Parliament may disallow.

The **service measure** for this Program is:

- to draft, publish and provide opinions (where required) on 70% of statutory instruments within 20 working days of receipt of instructions.

2013–14 Performance

PCO continues to achieve turn-around times well above the established target, with 90 per cent of statutory instruments completed within 20 working days in 2013–14.

	2009–10	2010–11	2011–12	2012–13	2013–14
Number completed by PCO	656	761	639	724	790
Percentage within 10 days or less	56	57	61	63	70
Percentage within 11–20 days	19	21	21	20	20
Percentage within 21–40 days	14	14	15	12	7
Percentage after 40 days	11	9	4	5	3

Staged Repeal of Subordinate Legislation

The *Subordinate Legislation Act 1989* provides for the staged repeal of statutory rules following the fifth anniversary of their date of publication. PCO manages this sub-program including drafting new instruments made under the sub-program. Stage 23 of the program was completed on 1 September 2013.

The **service measure** for this sub-program is:

- to manage the drafting and publishing of instruments under the Staged Repeal of Subordinate Legislation Program in accordance with the requirements of the *Subordinate Legislation Act 1989*.

2013–14 Performance

Instruments dealt with by Stage 23	No.
Total instruments dealt with under this stage	126
Instruments dealt with that were granted postponements of repeal in previous stages	70
Outcome of Stage 23	
Instruments granted postponement of repeal in this stage by section 11 order	83
Instruments that had their staged repeal date extended by other amending legislation	9
Instruments repealed under the Act by a replacement instrument or under another Act	34
Number of new instruments drafted and made under this stage	30
Outcome of all stages since 1990	
Number of instruments as at 1.7.1990	976
Number of instruments as at 1.9.2014	345
Number of pages as at 1.7.1990	15,000
Number of pages as at 1.9.2014	7,796

Note: Although the printed page size was changed from B5 to A4 for newly drafted legislation in 2013–14, the pages produced for this Program remained in B5 size, given the volume of work involved in converting documents to meet the 1 September 2013 deadline.

Program 3—Environmental Planning Instrument Drafting and Publishing

PCO drafts and provides legal opinions on Environmental Planning Instruments (EPIs) before they are made under the *Environmental Planning and Assessment Act 1979*. The instruments consist of state environmental planning policies and local environmental plans.

The **service measure** for this Program is:

- to draft, publish and provide opinions (where required) on 70% of environmental planning instruments within 20 working days of receipt of instructions.

2013–14 Performance

PCO continues to achieve turnaround times well above the established target, with 90 per cent of EPIs completed within 20 working days in 2013–14.

	2009–10	2010–11	2011–12	2012–13	2013–14
Number completed by PCO	446	565	606	740	947
Percentage within 10 days or less	64	72	83	78	69
Percentage within 11–20 days	32	25	12	16	21
Percentage within 21–40 days	3	2	4	5	7
Percentage after 40 days	1	1	1	1	3

Standard Local Environmental Planning Instruments

The rollout of standard instrument local environmental plans (LEPs) for each local government area (LGA) continued and the program is now almost complete, with almost all LGAs having a comprehensive standard instrument LEP in place.

For most of 2013–14, PCO provided a specialist service for checking and publishing maps that are ultimately made available to the public as high quality, zoomable PDFs on the NSW legislation website. From 16 June 2014 the function of checking maps was transferred to the relevant Department and local council. However, zoomable maps prepared by local councils are still provided via the NSW legislation website. In 2013–14, PCO processed 915 sets of maps, with an average of 25 maps per set.

The **service measure** for this sub-program is:

- to manage the drafting and publishing of instruments under the Standard LEP sub-program in accordance with deadlines and priorities negotiated with the Department of Planning and Infrastructure.

2013–14 Performance

	2009–10	2010–11	2011–12	2012–13	2013–14
Number of principal standard instrument LEPs officially made under section 33A	10	17	34	50	39
Number of other principal LEPs officially made that reflect current standard instrument template	8	0	2	0	2

Program 4—Non-government Bill Drafting and Publishing

PCO provides a drafting service for non-government Members of Parliament. PCO drafts non-government Bills and Amendments in Committee as requested in accordance with the *Arrangements for the drafting of non-Government legislation* as agreed to by the Government. This is subject to the Government’s legislative priorities and the availability of resources.

The **service measure** for this Program is:

- to meet drafting and publishing volumes for non-government and private members as negotiated with the member and in accordance with Government arrangements for non-government drafting.

2013–14 Performance

	2009–10	2010–11	2011–12	2012–13	2013–14
Non-government Bills introduced	22	18	17	16	22
Pages*	190	229	185	207	225
Non-government Amendments in Committee	141	180	384	231	269

*Note: In 2013–14 the printed page size was changed from B5 to A4 enabling more text on each page. As a result, the overall number of pages reduced by 20–25%. The equivalent B5 page numbers for 2013–14 is approximately 281.

Program 5—Parliamentary Counsel’s Committee Drafting Program

The Australasian Parliamentary Counsel’s Committee (PCC) consists of heads of the legislative drafting offices of all Australian jurisdictions and also of New Zealand. The committee provides a forum for preparing uniform or complementary legislation, promoting consistent styles of legislation in Australia and New Zealand, benchmarking on a range of operational matters, and exchanging ideas. The Committee is responsible for the drafting and publishing of national uniform legislation.

The Committee holds a triennial Drafting Conference for drafting staff in Australia, New Zealand and the region. The Committee also holds an annual IT and Business Forum for drafting offices to exchange information on the development of legislative drafting and publishing systems, including the delivery of legislative information to the public.

The **service measure** for this Program is:

- participation in the Parliamentary Counsel’s Committee and preparation of draft uniform legislation in accordance with the timetable and standards set by the PCC.

2013–14 Performance

The NSW Parliamentary Counsel is the current secretary/chair of the PCC and is responsible for the provision of secretariat functions and for co-ordination of the Committee’s work. In 2013–14 the committee only met formally on one occasion, with most business conducted electronically.

The NSW PCO maintains a website (www.pcc.gov.au) relating to the work of the Committee, including the protocol for the drafting of uniform legislation.

Access to and information about legislation

Program 6—NSW Legislation Website

PCO provides free access to an authoritative, up-to-date collection of NSW legislation through its legislation website, www.legislation.nsw.gov.au.

The website contains “In Force” legislation, “As Made” legislation, historical and other significant versions of legislation, Gazettes, Bills and Information Tables in an easily accessible and searchable format.

PCO undertakes an ongoing review of the website and makes improvements as resources allow. This year improvements were made to back-end processing of legislative data published on the website, enabling faster website updates.

The NSW legislation website delivers the following features:

- Dynamic up-to-date collection of in force NSW Acts and subordinate legislation, including EPIs. This collection, in HTML format, is authorised under the *Interpretation Act 1987* as correct.
- Official online notification of the making of new statutory instruments, including EPIs.
- Official publication of the Government Gazette.
- Superseded and repealed versions of legislation to provide point in time access and searches (also authorised in HTML).
- Static archival collection of Acts dating back to 1824 and a range of subordinate legislation.
- Consultation drafts of Bills and copies of Bills (including explanatory notes) at all stages of the Parliamentary process and Amendments in Committee.
- Information tables about legislation.
- RSS feeds for users to monitor legislation.

The **service measures** for this Program are:

- maintain the reliable, accurate and timely functioning and updating of the website,
- monitor and maintain the website to ensure accessibility and usefulness.

2013–14 Performance

The main development on the website in the last year was the inclusion of the Government Gazette from 1 January 2014. The public can now access all NSW legislation and the Government Gazette from the one website. In addition, improved search functionality is available, making it possible to search across multiple gazettes with one search rather than having to browse individual editions. Usage of the website increased significantly from January 2014, following the inclusion of the Government Gazette.

During 2013–14 the average number of successful hits per day to the website was 1,222,501, which is approximately 280 million hits over the year.

Program 7—Notifications of Statutory Instruments and Publication of the Government Gazette

Since 2009 PCO has provided official notification of the making of new statutory instruments on the NSW legislation website. Previously, these instruments were published in the printed Government Gazette.

From 1 January 2014 PCO assumed responsibility for producing and publishing the Government Gazette. Hard copy production and distribution of the Government Gazette ceased in January 2014 and it is now officially published on the NSW legislation website. Legislative changes were made to give official status to the online version of the Government Gazette.

The **service measures** for this Program are:

- publish new statutory instruments and new EPIs on the NSW legislation website on a cumulative basis each week, including urgent publications,
- publish Government Gazettes on the NSW legislation website on a cumulative basis each week, including urgent publications,
- compile and distribute the weekly email of statutory instruments, other notices and legislative events gazetted.

2013–14 Performance

Official online notification of statutory instruments

	2009–10	2010–11	2011–12	2012–13	2013–14
Statutory instruments (excluding EPIs)					
Number officially made	384	506	436	469	420
Pages*	2,693	4,582	3,301	4,260	2,607
EPIs					
Number officially made	184	220	235	241	350
Pages*	2,906	3,037	5,383	7,136	6,218

*Note: In 2013–14 the printed page size was changed from B5 to A4 enabling more text on each page. As a result, the overall number of pages reduced by 20–25%.

Government Gazette

59 Government Gazettes were produced from 1 January to 30 June 2014. New efficiencies and functionality were created with the transfer of the Government Gazette to PCO including:

- A new search facility for the online Government Gazette collection from 2001, including the ability to search across multiple Gazettes. Other Gazette content is accessible through links including an archive of previous Government Gazettes, Gazette Indexes and FOI Gazettes. The Government Gazette search database also includes all statutory instruments and environmental planning instruments published since 2001.
- There is no longer a set time of publication for the Government Gazette. While most Gazette Notices are published on Fridays, urgent Gazettes are officially published on other days, as and when required.
- As Government Gazettes are now provided online in the form of a single numbered Gazette per PDF file and urgent Gazettes are no longer re-compiled into a weekly Gazette digest, substantial duplication of effort has been eliminated.
- From 1 January 2014 printed copies of the Government Gazette and quarterly bound volumes are no longer produced and distributed and the Government Gazette Index is also no longer compiled.

	1 Jan– 30 June 2014
Government Gazettes	
Number	59
Pages	2,528



Weekly email service and RSS feeds

In association with the online publication of instruments, PCO provides a weekly email service that lists and links instruments officially notified on the website and other legislation events (such as Bills introduced and passed). As expected, the number of subscribers declined following the introduction of RSS feeds the previous year but numbers appear to have stabilised in 2013–14. The RSS feeds

provide more timely information about legislation without the need for PCO to manually maintain mailing lists. As at 30 June 2013 there were 2,970 email subscribers.

Program 8—Legislation Database

The NSW legislation website provides public access to the Legislation Database, which is compiled in conjunction with PCO's publishing activities. NSW Acts and principal statutory instruments, including EPs, are captured on a systematic basis, updated when amended and stored in Standard Generalised Markup Language (SGML) format. All superseded versions are preserved to provide a point-in-time repository. The SGML collection (including In Force PDFs) represents 22.4 gigabytes of data.

During 2013–14, the following current, historical and repealed SGML versions were maintained:

- over 13,100 versions of Acts,
- over 6,900 versions of statutory instruments (excluding EPs),
- over 4,700 versions of EPs.

PCO continued to make source data from the database available to government departments, commercial publishers, the Australasian Legal Information Institute (AustLII) and the Judicial Commission in XML format.

PCO aims to capture all new Acts and instruments in SGML, and update Acts and instruments when amended, within three working days. In 2013–14 over 99 per cent of updates were completed within this turnaround time.

PCO has a number of service measures to monitor the accuracy and integrity of the database and these are reported on a monthly basis.

The **service measures** for this Program are:

- capture all new Acts within 3 working days of authorisation by Parliamentary officers following assent,
- capture all new principal statutory instruments, including EPs, within 3 working days of publication,
- capture other new instruments that are not drafted by the Office within 6 weeks of publication,
- update Database within 3 working days of any amendment commencing or other activity.

2013–14 Performance

	2009–10	2010–11	2011–12	2012–13	2013–14
New Acts captured	127	101	99	98	102
New principal statutory instruments and EPIs captured	86	118	78	114	97
Amendments incorporated (creating a new version)	1,997	1,313	1,325	1,409	1,720
Other updates made	2,650	2,224	2,236	2,253	2,465

Program 9—Legislation Information Service

PCO provides a telephone and email service to respond to public inquiries about the status of NSW legislation and related matters. The service does not provide legal advice.

The **service measure** for this Program is:

- respond to all telephone and email inquiries with accurate, up-to-date information or by referral to a more appropriate source.

2013–14 Performance

	2009–10	2010–11	2011–12	2012–13	2013–14
Phone inquiries	1,807	1,661	1,858	1,835	1,654
Email inquiries	546	786	547	395	364

Program 10—Annual Printed Volumes of Acts

PCO provides source material for Annual Printed Volumes of Acts within 6 weeks of the end of the calendar year.

The **service measure** for this Program is:

- to provide source material for Annual Printed Volumes of Acts within 6 weeks of the end of the calendar year.

2013–14 Performance

	2012–13	2013–14
Date of delivery	27 February	14 March

Office-wide services and projects

Program 11—Knowledge Management

PCO commenced the development of a formal Knowledge Management Program to facilitate knowledge transfer and sharing within PCO and to ensure knowledge retention. The aim of the Program is to ensure consistency and the maintenance of standards in the drafting and publishing of NSW legislation for coming decades. The Program is also proactively addressing the identified risk at PCO of information being lost with retirements and staff movements.

The **service measure** for this Program is:

- report annually on back-capture of information and development of new information resources (including report on activities of the Knowledge Management Committee).

2013–14 Performance

PCO's Knowledge Management Committee was formally established in February 2014 with a brief to deliver a new knowledge management system including an interactive wiki-style tool for storing, posting and disseminating knowledge, both formal and informal. As well as overseeing the initial development of these tools, the Knowledge Management Committee will have ongoing responsibility to maintain and promote the information resources held by PCO.

By the end of 2013–14 the Committee had undertaken a stocktake of information resources, was developing a plan for the back-capture of information, and had commenced the investigation of suitable software for the wiki-style knowledge management tool.

Program 12—Legislative Systems Maintenance, Development and Projects

The **service measure** for this Program is:

- report annually on performance, including any outages.

2013–14 Performance

During 2013–14 there were no unplanned outages to IT and communications systems and there were no outages that prevented staff from undertaking their day-to-day operations. Staff using remote VPN access to PCO systems also had no unplanned outages to services that prevented their daily operations. System developments included replacing web servers with virtual servers, upgrading the back-end publishing system that pushes data from LEGIS to the NSW legislation website, and moving PCO email system from GroupWise to Outlook.

Program 13—Cross Program Monitoring and Corporate Governance activities

This Program covers budget expenditure and trends and personnel matters that are covered elsewhere in this Annual Report.

Management review

PCO has an extensive process for the continual monitoring and review of its operations to ensure that it meets its service measures and continues to deliver high quality drafting services for NSW.

Achieving Service Measures

The mechanisms for this are:

- Formulation and publication of an annual Business Plan detailing the projects and service measures for the coming financial year.
- Monthly review of progress against the Plan by collation of statistics and data for the Monthly Report for review by the Parliamentary Counsel.
- Purpose-built reporting tools within LEGIS to enable drafting program managers to monitor the progress of projects against agreed turnaround times.
- Weekly meeting between the Parliamentary Counsel and Director, Legislative Services and Publications to discuss priorities, the legislative timetable, staffing and Office resources, legislative compliance requirements and to identify any emerging issues.
- Monthly meeting of the Business Process Committee, which has oversight of business process and systems development. The Committee is constituted of representatives from the key stakeholder areas of PCO, that is, representatives from management, information technology, drafting, editorial and publishing teams. The Committee receives status updates about current projects and operational matters at each meeting and considers any arising problems or issues. The Committee receives briefings on capital expenditure. It also identifies, assesses and prioritises new projects to streamline processes.

Providing reviews of drafting to ensure quality standards

To ensure the highest levels of quality in terms of professional standards, accuracy and consistency, PCO has the following comprehensive review and quality control process:

- Multiple checking processes—there is a tiered process for legal and editorial checking for all draft legislation.
- Bill Review Group—this Group reviews draft Bills and any other critical instruments. It is comprised of the senior drafters at PCO being the Parliamentary Counsel, Deputy Parliamentary Counsel, Senior Assistant Parliamentary Counsel and other senior drafters as required. Using their extensive breadth of knowledge and experience, the Group identifies any drafting, legal, language or consistency issues with draft Bills.
- Quality Assurance Manager—independently monitors all legislative publications produced by PCO to ensure that quality is consistent and standards are maintained and conducts the final quality check of all draft Bills before they are printed for Parliament.

- Legal Officer Meetings—the Officers meet in the lead-up to Parliamentary sitting weeks to discuss the legislative program, provide a workshop forum for issues and undertake both formal and informal professional development activities.

Participating in forums for feedback and benchmarking

PCO also engages in the following review activities:

- The Parliamentary Counsel is the Secretary/Chair of the Australasian Parliamentary Counsel's Committee (PCC), which provides a forum for benchmarking activities with other Australasian jurisdictions and has a review mechanism in place for national legislation.
- Representatives from PCO attend the annual PCC IT and Business Forum, which provides an effective mechanism for exchanging technical and operational information, seeking solutions to common problems and evaluating new and emerging technology in the legislative drafting and publishing fields.
- Drafters from PCO attend the PCC Drafting Conference, which is held every three years and provides a forum for drafters to exchange ideas, keep up to date on the latest drafting developments and learn from the experience of other jurisdictions. Junior drafters are particularly encouraged to attend this conference to complement their on-the-job training.
- PCO is also active in developing the legislative drafting profession internationally through ongoing involvement in the Commonwealth Association of Legislative Counsel. The NSW Parliamentary Counsel was elected to the Governing Council of the Association in 2013.

Challenges

PCO has met some additional challenges in the reporting period and some of these will be ongoing in the next 12 months, including:

- The establishment of PCO as an executive agency has had an impact on the operations of the Office. It has resulted in PCO being required to establish a separate financial and banking structure and meet compliance requirements previously covered by the Department of Premier and Cabinet (eg risk management and financial audits, preparation of an Annual Report, separate policies on a range of matters). Due to PCO's small staff size, this has resulted in an increased workload for the small number of administrative staff, particularly during the transition period.
- New government staffing practices were introduced with the commencement of the *Government Sector Employment Act 2013* (GSE Act). PCO is working towards the implementation of changes, including the review and implementation of the new senior executive structure that is planned for 2014–15. Documentation, including role descriptions, performance assessment material and recruitment material also needs to be reviewed to include the new GSE Act requirements and incorporate the Capability Framework. Again, due to PCO's small staff size and the need to fit this work around the peak workloads of Parliamentary sitting periods, this work must be incorporated into the existing workloads at PCO.
- An ongoing challenge for PCO is the management of externally driven drafting workloads. PCO's drafting services are largely demand-driven according to the Government's legislative agenda. As a result, PCO has to manage fluctuating and varying drafting requirements, often with differing levels of complexity. In addition to balancing workloads, this can make meaningful service measures problematic, as PCO often cannot control its work flow in terms of volume and qualitative complexity. PCO manages this challenge by maintaining a

multi-skilled staff who can work across all programs, utilising contract drafters where necessary and maintaining good working relationships and clear communication lines with key client agencies.

- Succession planning across all areas of the Office is a further challenge that is covered in the Human Resources section of this report.

Projects and planning

Ongoing projects

- Executive agency transition—involves the ongoing review of internal policies to meet compliance and auditing requirements.
- GSE Act implementation, including Senior Executive re-structure—includes review of senior executive role descriptions, performance management system and recruitment process to reflect new requirements, including incorporating the Capability Framework.
- Knowledge Management Program—includes the development of wiki-style software for an interactive internal knowledge management system and the back-capture of information into that system.

Future projects and planning

A range of projects have been identified for planning and implementation in the next 1–3 years that will include:

- improvements to navigation and accessibility on the NSW legislation website,
- enhancement of in-house procedures and tools to increase efficiency (including investigating electronic checking tools and developing additional LEGIS reporting functions),
- improvements in network connectivity and preparation for relocation of servers to the government data centre,
- managing the impact of proposed planning reforms on drafting and publishing workloads,
- investigating streamlined procedures for the collation and publication of the Government Gazette,
- managing the production and distribution of printed Annual Printed Volumes of Acts from 2014–15 onwards—PCO will take over responsibility for this program, which was previously co-ordinated by the Strategic Communications Branch of the Department of Premier and Cabinet.

As 2015 is a State government election year, PCO drafting workloads will be affected in the pre- and post-election periods.

Section 2 Human Resources



Structure and organisation

PCO is a Public Service executive agency in the Premier and Cabinet cluster and is responsible to the Premier. The Parliamentary Counsel is the Agency Head.

As at 30 June 2014, PCO employed 53 staff, with an equivalent full-time staff of 44.7. Approximately half the staff are legislative drafters. The executive staff and legal officers are principally involved in the drafting and development of legislation and in providing the range of legal and administrative services associated with these activities. The balance of PCO staff includes editorial, publishing, IT, administrative and support staff who are multi-skilled and cross-trained to work across all publications areas as workload demands require.

In addition, PCO engages three contract drafters who work on a project basis, providing PCO with increased flexibility to meet peak drafting demands.

Staff profile

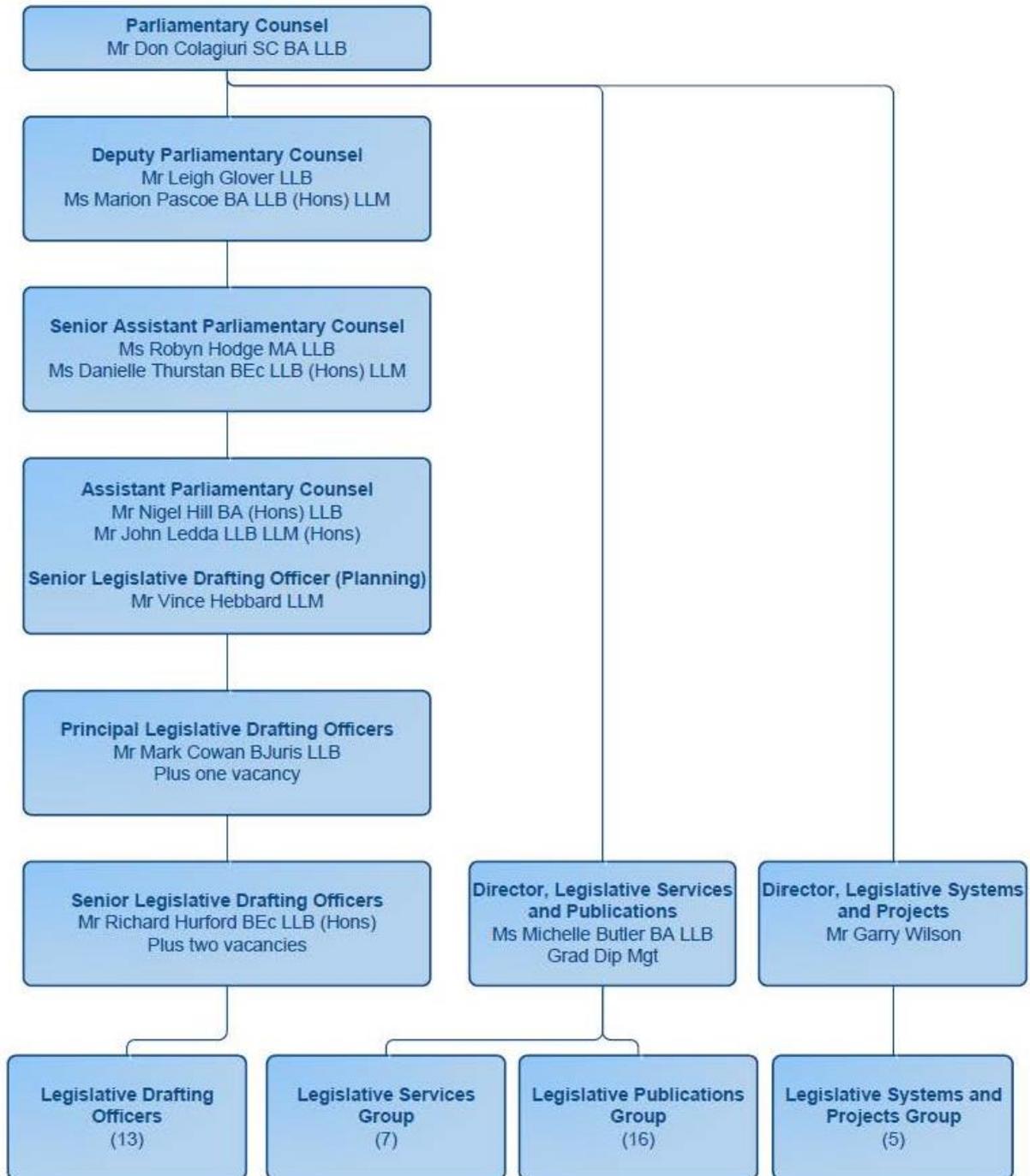
The following table shows the number of PCO staff by employment category and gender over four years.

PCO staff by employment category and gender									
As at	30 June 2011		30 June 2012		30 June 2013		30 June 2014		
Gender	M	F	M	F	M	F	M	F	
Permanent full-time	8	9	7	17	7	18	11	15	
Permanent part-time	-	9	-	9	-	7	1	7	
Temporary full-time	-	5	1	2	1	3	2	2	
Temporary part-time	-	-	1	2	1	-	1	-	
SES	6	4	6	4	6	3	6	3	
On long term leave without pay*	-	2	-	1	-	1	-	5	
Total by gender	14	38	15	35	15	32	21	32	
Total	52		50		47		53		

* Note: Several staff on long-term leave without pay on 30 June 2014 had historically been on a mixture of full-time and part-time arrangements before departure on leave. It was therefore difficult to clearly classify them as either full-time or temporary employees as at that date.

Organisation chart

As at 30 June 2014



Workforce diversity

PCO is committed to promoting workforce diversity in employment and eliminating discrimination. All data shown in the tables below has been sourced from the Public Service Commission's Workforce Profile and are based on the *Headcount of Non-casual Employees* at the Census Date.

Representation of Equal Employment Opportunity (EEO) groups at PCO

Gender	No.	%
All Genders	53	
Male	21	39.62
Female	32	60.37

EEO Survey Response Rate	No.	%
EEO Survey Response rate		81.13
Non-casual employees	53	
Respondents to EEO survey	43	

Disability	No.
Total EEO respondent to Disability	41
Total disabilities	4
Disability requiring adjustment at work	1
Disability requiring no adjustment at work	3
Disability where adjustment is not recorded	-
No disability	37
Withdrawn	-
Missing	12

Ethnicity	No.
Total EEO respondent to Ethnicity	41
Person from a Racial, Ethnic or Ethno-Religious Minority	11
Person not from a Racial, Ethnic or Ethno-Religious Minority Group	30
Withdrawn	-
Missing	12

Language	No.
Total EEO respondent to Language	42
Other language	8
English	34
Withdrawn	-
Missing	11

Aboriginal and Torres Strait Islander	No.
Total EEO respondent to ATSI	43
Aboriginal and Torres Strait Islander	1
Aboriginal	1
Torres Strait Islander	-
Aboriginal and Torres Strait Islander	-
Not Aboriginal and Torres Strait Islander	42
Withdrawn	-
Missing	10

Staffing, policies and practices

PCO is committed to complying with legislative requirements and NSW public sector policies and procedures. PCO regularly reviews, updates and develops new policies to improve its governance and performance. Policies and procedures are available on the intranet for all PCO staff.

In 2013 PCO commenced a gap analysis and review of its policies to help simplify and streamline policy content. However, since becoming an executive agency in February 2014, this review has been extended to include additional compliance areas that did not previously apply to PCO when it was part of another department. PCO will launch the updated policies during the 2014–15 year. In the interim, PCO continues to apply the relevant Department of Premier and Cabinet policies.

Learning and development

PCO is committed to developing its staff and recognises the need to plan effectively for resourcing its future workforce. PCO has developed a Workforce Plan that captures PCO's approach to matching its workforce requirements to business objectives. The plan enables PCO to have the right people in the right place to deliver successful outcomes for its internal and external stakeholders. PCO is proactively addressing succession planning and knowledge transfer and sharing with its new Knowledge Management Program.

Appropriate training is integral to the development and maintenance of professional standards and quality control processes. Training for legislative drafters is carried out at two levels:

- Junior officers work under the supervision of a senior officer, which allows for training, mentoring, coaching and knowledge transfer on a one-to-one basis.
- Formal training is also made available to drafters through participation in external drafting conferences, in-house courses, and meetings involving structured reading and discussion. This continuing legal education program meets the ongoing requirements for lawyers and is approved by the NSW Bar Association and the Law Society of NSW.



PCO aims to provide all drafting and publishing staff with skills and experience across all program areas to meet the varying peak periods for each drafting and publishing program. This requires a broad training program for staff, which includes specialist areas such as EPI drafting, database management, editorial and publishing skills, as well as training in new areas of technology. A range of in-house training activities were run in 2013–14 to address these specialist areas.

Individuals undertaking relevant study to further develop their skills were assisted with study leave in 2013–14.

Performance development

All staff are subject to formal performance management systems, involving performance agreements and progress and annual reviews. The systems are kept under review and all staff are informed of any new developments.

Challenges

An ongoing challenge is to maintain the drafting capacity of PCO. A number of long term senior drafters are employed at PCO. A succession plan has been in place for some time but the need to recruit and retain skilled drafters for future years remains critical. PCO also needs to accommodate flexible work practices, parental leave and other career breaks. The lead time in training effective drafters is in the order of seven years and there is a world-wide shortage in this highly specialised field.

In the past two years, PCO has undertaken entry and mid-level recruitment activities in order to address this challenge and also commenced the development of a Knowledge Management Program in 2013 to provide a repository for drafting and other information and to enhance drafter training. PCO also maintains a panel of part-time contract drafters who are very experienced drafters who have retired from full-time employment as drafters.

Exceptional movements in wages, salaries or allowances

There were no exceptional movements in wages, salaries or allowances. A salary increase of 2.27 per cent was paid to Clerks and Senior Officers in accordance with the *Crown Employees (Public Sector — Salaries 2008) Award*. The Statutory and Other Offices Remuneration Tribunal determined a performance-based increase of 2.5 per cent for SES officers, effective from 1 October 2013. All increases were subject to satisfactory assessment of performance. No adjustments were made to the recruitment and retention allowances.

Senior management including remuneration

In accordance with *Public Service Commission Circular 2014–09*, the following information is provided about Senior Executives at PCO, noting:

- a person who is temporarily assigned, seconded or otherwise acting in a senior executive role or in a higher band at the end of the reporting year is taken to be employed in that role and band. Four temporary assignments were in place as at 30 June 2014.
- transitional former senior executives in the Public Service (ie former SES and former Senior Officers) are taken to be Public Service senior executives and employed in the equivalent band.
- transitional former senior executives in the Public Service and other executives not within the Public Service are reported within a band that includes the remuneration package (or if the remuneration package does not fit within a band, the closest remuneration package) to which the executive is entitled.

Senior Executives by Band and Gender*			
Band	Male	Female	As at 30 June 2014
Band 4	-	-	-
Band 3	1	-	1
Band 2	1	3	4
Band 1	6	4	10
TOTAL	8	7	15

Senior Executives by Band and Remuneration*		
Band	Range* (\$)	Average remuneration* 2013-14 (\$)
Band 4	422,501–488,100	-
Band 3	299,751–422,500	465,500
Band 2	238,301–299,750	279,268
Band 1	167,100–238,300	187,723

* Includes Recruitment Allowances

In 2013–14, a total of 46.7% of PCO's employment related expenditure was related to senior executives.

Section 3 Corporate governance

As a public sector organisation, PCO complies with government policies and reporting requirements. PCO meets external governance and compliance for business performance. This section outlines PCO's key corporate services and governance functions, statutory reporting requirements and audit and risk management reporting.

PCO falls within the provisions of clause 15 of the *Annual Reports (Departments) Regulation 2010*, which provides an exemption for small departments to report annually on certain matters. In accordance with that exemption, the following matters will be formally reported in PCO's annual report on a triennial basis:

- Disability plans.
- Work force diversity.
- Multicultural policies and services program.
- Occupational health and safety.
- Waste.

However, as this is PCO's first report as an executive agency, some information has been provided about these areas in this report.

Aboriginal employment

PCO aims to improve Aboriginal employment, access and workforce participation but, due to the small size of PCO, there are limited opportunities. During 2013–14 an indigenous drafting officer from PCO was a mentor to a cadet in the Department of Premier and Cabinet's indigenous cadetship program and continues to be actively involved in assisting indigenous staff within the sector.

PCO will be formally reporting triennially on this matter as it is a small agency.

Audit and risk management

In accordance with Treasury Circular TC 09/08 *Internal Audit and Risk Management Policy*, the Parliamentary Counsel is required to provide an annual statement attesting to compliance with the core requirements of Treasury Policy Paper TPP 09/05 *Internal Audit and Risk Management Policy for the NSW Public Sector*.

TC 09/08 also provides that Department heads may consider other strategies to achieve the Policy's core requirements such as establishing, through central agency coordination, a cluster-based, sharing arrangement for internal audit governance and resourcing. In 2013–14 PCO was covered by the risk management policies and practices of DPC but it has arranged to have a shared committee arrangement in place from 2014–15 onwards.

**Internal Audit and Risk Management Statement for the
2013–2014 Financial Year for the Parliamentary Counsel’s Office**

I, Don Colagiuri, Parliamentary Counsel, am of the opinion that the Parliamentary Counsel’s Office has internal audit and risk management processes in operation that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*.

The Parliamentary Counsel’s Office was covered by the Audit and Risk Management Committee for the Department of Premier and Cabinet for the 2013–14 financial year. I, Don Colagiuri, Parliamentary Counsel, am of the opinion that the Audit and Risk Management Committee for the Department of Premier and Cabinet is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08.

The Chair and Members of the Audit and Risk Committee are:

- Independent Chair, Arthur Butler (Jan. 2014 – Dec. 2017)
- Independent Member, Bruce Turner (Jan. 2014 – Dec. 2017)
- Independent Member, Gerardine Brus (Oct. 2013 – Oct. 2017)
- Non-independent Member, Simon Smith (Dec. 2013 – Nov. 2017)
- Non-independent Member, Phil Minns (Apr. 2014 – Mar. 2018)

These processes provide a level of assurance that enables the senior management of the Parliamentary Counsel’s Office to understand, manage and satisfactorily control risk exposures.

As required by the policy, I have submitted an Attestation Statement outlining compliance with the policy to Treasury on behalf of the Treasurer.



Don Colagiuri SC
Parliamentary Counsel
Date: 25 August 2014

Consumer response

PCO is committed to providing quality customer services through courteous and prompt assistance. During the reporting period PCO did not receive any formal complaints.

The Business Process Committee considers any feedback or suggestions received and in the reporting period considered issues raised with the printing of legislation not available in PDF, the user experience of the NSW legislation website homepage and accessibility of the Government Gazette on the website.

PCO frequently receives compliments and expressions of appreciation for its work, indicating a high level of customer satisfaction. During the reporting period PCO surveyed law librarians, who are regular users of the NSW legislation website, and received favourable feedback on the inclusion of the Government Gazette and related search tools, and the website generally.

During 2014–15 PCO will be developing complaint handling guidelines that will be made available on our website. Options available to the public to obtain or request information, or to provide feedback, include telephone enquiries and email, with relevant contact details available on PCO’s websites.

Digital Information Security Policy

A department head is required to attest annually to the adequacy of its digital information and information systems security.

Information Security Statement for the 2013–2014 Financial Year for the Parliamentary Counsel’s Office

I, Don Colagiuri, Parliamentary Counsel, confirm that information security is important to the Parliamentary Counsel’s Office (PCO) and a risk-based approach is taken with regards to the implementation of security controls.

PCO has in place the separate components making up an Information Security Management System (ISMS) and meets the relevant requirements of the *Digital Information Security Policy for the NSW Public Sector*. Work is progressing on finalising the overarching documentation that will complete the ISMS.

I am of the opinion that adequate security controls are in place to mitigate identified risks to the digital information systems of the PCO.



Don Colagiuri
Parliamentary Counsel

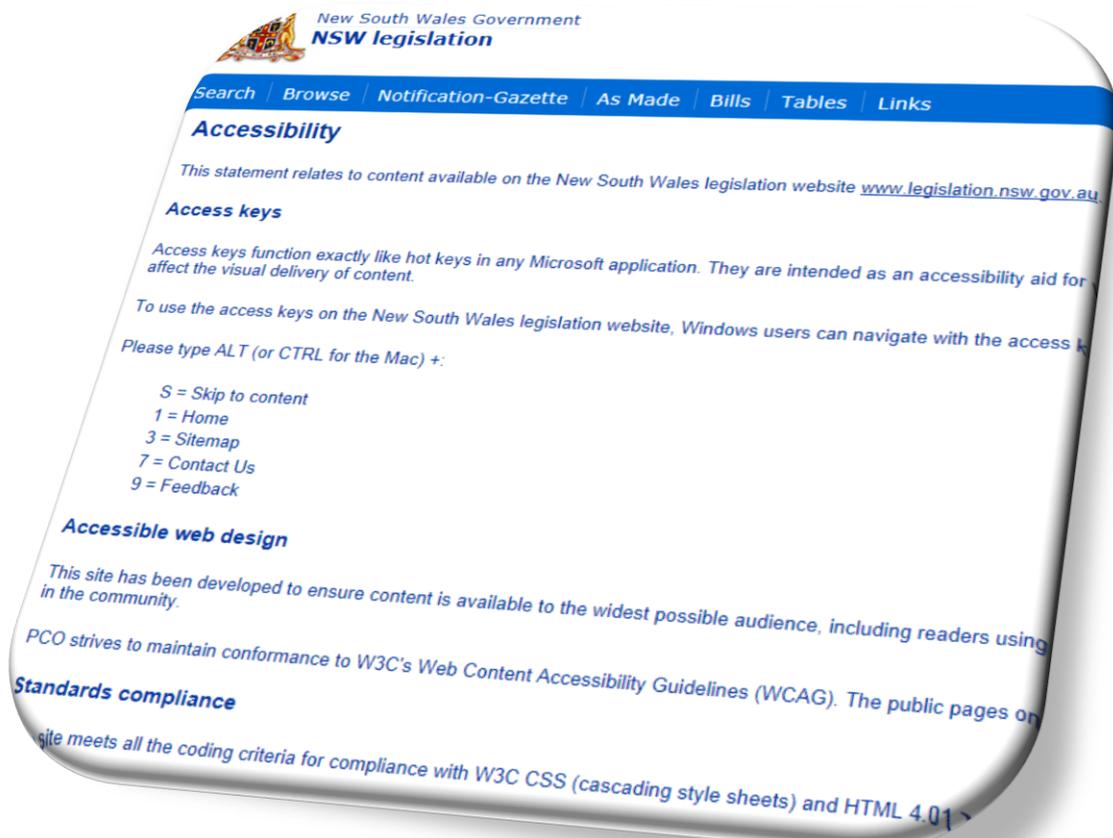
Date: 16 October 2014

Disability Action Plan

The *Disability Services Act 1993* and the *NSW Government’s Disability Policy Framework* require all government agencies to publish a Disability Action Plan. Due to being part of DPC in recent years, PCO has adopted the *Disability Action Plan* of DPC insofar as it applies to PCO (recognising that PCO is located at different premises and maintains its own website).

Due to its establishment as a separate agency in 2014, PCO will be developing its own Disability Action Plan during 2014–15. PCO will be reporting triennially on the Plan as it is a small agency. However, PCO currently has practices in place to ensure that people with disabilities are catered for in its operations and service deliveries. The following information is provided about those measures:

- **Building access**—there is disabled access, including lifts and bathrooms for the disabled.
- **Workplace adjustments**—workplace adjustments and flexible working arrangements are provided for employees with disabilities.
- **Accessible web design**—PCO’s websites and intranet have been developed to ensure content is available to the widest possible audience, including readers using assistive technology or accessibility features. By adhering to guidelines for accessible web design, PCO acknowledges the diversity of communication methods, available technologies and abilities of web-users in the community. PCO strives to maintain conformance to W3C’s *Web Content Accessibility Guidelines* (WCAG). PCO is currently undertaking a full review of the NSW legislation website, including frames, to achieve the necessary conformance under the WCAG.
- **Provision of legislation for the visually impaired**—access keys are available on the NSW legislation website to enable vision impaired users to skip directly to relevant content areas on a page. Copies of legislation in electronic format are also provided on request, at no cost, for the visually impaired and the visually impaired can also access legislation in PDF format using the accessibility tools in software products.
- **Assistance for hearing and speech impaired persons**—customers and staff can access PCO services using the National Relay Service (NRS). PCO staff utilise the NRS to contact clients who use the TTY service.
- **Recruitment information**—PCO’s *Guide for Job Applicants* encourages suitably qualified applicants who have a disability to apply and to discuss any special requirements with the contact officer for the particular role.
- **Plain legal language**—the use and application of plain legal language to drafting (including the preparation of any new legislation relating to disability) optimises access to legislation by all users, including those with a disability.



Equal employment opportunities

PCO is committed to the NSW Government's goals of a workplace culture displaying fair practices and behaviours, and improved employment access and participation for Equal Employment Opportunity (EEO) groups.

Due to being part of DPC in recent years, PCO has adopted the *EEO Management Plan* of DPC as applicable to PCO. The DPC Plan has been developed to facilitate the identification and removal of systemic barriers to the participation and promotion in employment of EEO groups, including:

- Women.
- People with a disability requiring adjustment at work.
- People from racial, ethnic and ethno-religious minority groups.
- People whose first language was not English.
- Aboriginal People and Torres Strait Islanders.

Due to its establishment as a separate agency in 2014, PCO will be developing its own Equal Employment Opportunity Management Plan during 2014–15.

Government information

To promote open, accountable, fair and effective government in NSW, members of the public have a right to access government information. PCO is continually aiming to increase access to legislation and information about legislation for lawyers, researchers and other users of legislation.

The *Government Information (Public Access) Act 2009* (GIPA Act) provides for public access to government-held information and the proactive public release of government information. This right is restricted only when there is an overriding public interest against disclosing the particular information.

It is noted that many of the documents kept by PCO cannot be released as they are Cabinet documents or documents attracting legal professional privilege and there is an overriding public interest against disclosing these documents to the public.

Review and proactive release of information program

Under section 7 of the GIPA Act, agencies must review their programs for the release of government information to identify the kinds of information that can be made publicly available. This review must be undertaken at least once every 12 months. PCO has assessed and released the following documents to the public:

Policies and information publications

- *PCO's Code of Conduct.*
- *Manual for the Drafting of Non-Government Legislation.*
- Policies relating to plain language and gender-neutral expression.

Information sheets

- *Automatic Parliamentary Tabling Scheme.*
- *Notification of Statutory Instruments (including Environmental Planning Instruments).*
- *Online Gazettal.*
- *Online notification of delegated Local Environmental Planning Instruments.*
- *Council information for delegated plan-making.*
- *Staged Repeal of Statutory Rules.*
- *Notification of miscellaneous statutory instruments that were not drafted by PCO.*
- *Technical requirements for the publishing of miscellaneous statutory instruments.*

Circulars and memoranda

- *NSW Legislation website: Authorisation of Online Legislation and Online Notification of New Statutory Instruments (Ministerial Memorandum M2009–02, 23 January 2009).*
- *On-Line Access to NSW Legislation (Premier’s Department Circular C2002-38, 29 July 2002.)*

These documents are available to the public on PCO’s corporate website, www.pco.nsw.gov.au, or may be obtained by contacting PCO by telephone or email.

Release of information in 2013–14

- PCO’s program for the proactive release of information involves increasing the availability of historical information about legislation on the NSW legislation website. In 2013–14 PCO completed a back-capture of bills from 1999–2002 and published the information on the NSW legislation website.
- In 2013–14 PCO assumed responsibility for producing and publishing the Government Gazette and published an Information Sheet on Online Gazettal to assist users.
- PCO also reviews any information sought and released pursuant to GIPA access applications received over the financial year to determine whether it should be released to the public, generally, as well as to the applicant. During the reporting period, no requests were received.

Number of access applications received, refused and statistical information

Clauses 7 (b) and (c) of the *Government Information (Public Access) Regulation 2009* (GIPAR) require agencies to report on the number of applications received and refused respectively:

GIPA Act Applications 2013–14	No.
Number of access applications received—clause 7 (b) GIPAR	0
Number of refused applications for Schedule 1 information—clause 7 (c) GIPAR	0

Under GIPAR clause 7 (d), statistical information is required to be provided about access applications in the format set out in Schedule 2 to GIPAR. As no applications were received, no statistics are provided.

Multicultural policies and services

The *Community Relations Commission and Principles of Multiculturalism Act 2000* requires all government agencies to report on their key initiatives. Due to being part of DPC in recent years, PCO has adopted DPC's *Multicultural Policies and Services Plan* as applicable to PCO. Due to its establishment as a separate agency in 2014, PCO will be developing its own Multicultural Policies and Services Plan during 2014–15. PCO will be reporting triennially on the Plan as it is a small agency.

PCO supports the principles of multiculturalism and currently has practices and policies in place which will be reflected in the Plan. These include ensuring the promotion of plain language, awareness of cross-cultural issues arising in drafting, facilitating easy access to legislation, promoting a culturally diverse workforce and accommodating cultural requirements in the workplace where possible. PCO has not entered into any agreements with the Community Relations Commissioner under the *Community Relations Commission and Principles of Multiculturalism Act 2000*.

Privacy Management Plan

Clause 6 of the *Annual Reports (Departments) Regulation 2010* requires a statement of the action taken by PCO in complying with the requirements of the *Privacy and Personal Information Protection Act 1998* (the PPIP Act), and statistical details of any review conducted by or on behalf of PCO under Part 5 of that Act.

Due to the small size of PCO, it has adopted the *Privacy Management Plan* of DPC. Staff are able to access the Plan via a link on PCO's intranet. PCO's corporate website contains a Privacy Notice advising that personal information will be handled in accordance with the PPIP Act.

No internal reviews were conducted by or on behalf of PCO under Part 5 of the PPIP Act during 2013–14.

Public Interest Disclosures

The *Public Interest Disclosures Act 1994*, section 31, requires each public authority to prepare an annual report on its obligations under the Act.

In accordance with clause 4 of the *Public Interest Disclosures Regulation 2011*, the following information is provided on public interest disclosures for the period 1 July 2013 to 30 June 2014:

Public Interest Disclosures 2013–14	No.
Public interest disclosures made by public officials in performing their day to day functions	0
Public interest disclosures not covered by the above that are made under a statutory or other legal obligation	0
All other public interest disclosures	0
Number of public interest disclosures relating to possible or alleged:	
• corrupt conduct	0
• maladministration	0

• serious and substantial waste of public money	0
• government information contraventions	0
• local government pecuniary interest contraventions	0
Total number of public interest disclosures received	0

PCO adopts the DPC *Public Interest Disclosures Policy* and has an internal reporting policy. Actions taken to ensure staff awareness of the policy and the protections under the Act are:

- The policy is available on PCO’s intranet.
- The policy is included in the staff induction kit.
- Reference to the *Public Interest Disclosures Act 1994* has been included in other PCO policies.

Section 6CA of the *Public Interest Disclosures Act 1994* requires each public authority to provide a report for each six month period to the Ombudsman on its compliance with that Act. As PCO was part of the Department of Premier and Cabinet prior to 24 February 2014, PCO’s statistics were previously included with DPC’s statistics and reporting. PCO will commence collation and retention of its own statistics in the 2014–15 year in order to meet these reporting requirements.

Waste

PCO is committed to the NSW Government’s *Waste Reduction and Purchasing Policy* (WRAPP). This policy is designed to help staff reduce the generation of waste, treat waste as a potential resource and increase the use of recycled materials. Specific initiatives at PCO include:

- Co-mingled recycling bins are located in every workspace and meeting room; putrescible waste is handled separately.
- A toner cartridge recycling program is in place and 100% of cartridges are returned for reuse.
- Network printers default to double-sided printing.
- Legislation layout has been changed from B5 to A4 to utilise more of the page and reduce the total printed pages of legislation by 20–25%.
- The website is used as the main means of publication wherever possible, rather than issuing paper publications (for example, the Government Gazette is now only available online).
- Recycled-content printing paper and other products are routinely purchased.
- Paper usage has been reduced through forwarding and filing documents electronically, where appropriate.
- Internal information for staff is published on PCO’s intranet or distribution by email, rather than in paper format.
- Online purchasing systems are used so that transactions are supported by electronic purchase orders, eliminating the need for paper based approvals and record-keeping.
- Online applications are used for leave and records of attendance.

PCO will be formally reporting triennially on this matter as it is a small agency.

Work health and safety

PCO is committed to ensuring the health and safety of workers engaged in carrying out the work of PCO and of visitors to the premises. PCO places a strong emphasis on the prevention of accidents and injuries, the early notification of injuries and the supportive management of claims to facilitate a speedy return to work. There were no workers' compensation claims in 2013–14.

The Work Health and Safety Committee meets during the year and reviews the measures taken to ensure Work Health and Safety (WHS) practices are appropriate. The committee reports to staff.

PCO continued to ensure the safety of staff by training staff in emergency evacuation exercises and first aid. Two evacuation exercises took place within the reporting period. Specific training was provided for Fire Wardens and First Aid Officers. Ten workspace assessments were conducted in 2013–14. PCO has *Printing Room Safety Guidelines* for its print room.

PCO facilitates corporate wellbeing activities. It encourages participation in the Global Corporate Challenge, a workplace health and wellness program aimed at changing the behaviour and improving the health of employees around the world by promoting 10,000 steps per day. The Office also provides a free counselling service to all employees and immediate family through Converge International.

PCO provides staff with annual influenza vaccinations with 28 staff being vaccinated in April 2014.

PCO will be formally reporting triennially on this matter as it is a small agency.

Section 4 Administration, Funding and Expenditure

Account payment performance

Aged analysis at the end of each quarter

Due to the separation from DPC on 24 February 2014, PCO is unable to report separately on account payment performance for the 2013–14 year. As at 30 June 2014, the finance system and accounts were still being transitioned and PCO's account payments were processed under a DPC cost centre for the whole reporting period. Data about payment performance by cost centre is unavailable.

Budget performance

The net cost of services at 30 June 2014 was \$9,190,116. This was \$183,031 under budget. This result was primarily due to employment-related expenses being under budget due to staffing vacancies and staff being on long term leave without pay.

It is noted that the financial statements included in this report are for the period 24 February 2014 to 30 June 2014. The above net cost of services information relates to the full year and is provided to give a true picture of PCO's budget performance during the 2013–14 reporting period.

Consultants

No consultants were engaged by PCO during the 2013–14 year.

Controlled entities and subsidiaries

PCO has no other entities under its control and no public sector subsidiaries.

Corporate services

PCO carries out many of its corporate support functions but the high volume services such as payroll, personnel records and payment of accounts and some specialised personnel and financial management services have been outsourced since 1 July 1996. The current provider is ServiceFirst under a service partnership arrangement.

Credit card certification

PCO's credit card policy and procedures outline conditions for eligibility, usage and management of PCO credit card. These are consistent with NSW Government policy as outlined in relevant Treasury Circulars and Treasurer's Directions.

The Parliamentary Counsel certifies that credit card use in PCO has been in accordance with government requirements.

Insurance

In 2013–14 PCO was covered by the insurance arrangements for DPC. DPC has insurance cover for all major assets and significant risks, through the NSW Government self-insurance scheme (the NSW TMF). This includes full workers compensation, motor vehicle accident, property, liability and miscellaneous insurance cover. PCO will have its own insurance arrangements in place from 2014–15 onwards.

Legislation administered by PCO

The Parliamentary Counsel has general administration of the *Interpretation Act 1987* to ensure that it is sufficiently robust to support the drafting of legislation. The NSW legislation website is established under Part 6A of the *Interpretation Act 1987* as the official NSW Government site for the official online publication of legislation and, following amendments to that Part in 2013, the Government Gazette.

PCO also has general administration of the *Subordinate Legislation Act 1989*, which deals with the making of statutory rules and the issue of opinions by the Parliamentary Counsel that proposed statutory rules may legally be made. The Act also provides for the staged repeal of statutory rules following the fifth anniversary of their date of publication. PCO manages this Staged Repeal Sub-program including drafting new instruments made under the Program.

Overseas visits

No overseas visits were undertaken by PCO staff during the 2013–14 year.

Section 5 Financial Statements

The financial statements included in this report relate only to the period commencing 24 February 2014 when PCO was established as a Public Service executive agency.

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

Parliamentary Counsel's Office

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Parliamentary Counsel's Office (the Office), which comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period 24 February 2014 to 30 June 2014, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Office as at 30 June 2014, and of its financial performance and its cash flows for the period 24 February 2014 to 30 June 2014 in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

My opinion should be read in conjunction with the rest of this report.

The Parliamentary Counsel's Responsibility for the Financial Statements

The Parliamentary Counsel is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Parliamentary Counsel determines is necessary to enable the preparation of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Office's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Parliamentary Counsel, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

- about the future viability of the Office
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



Caroline Karakatsanis
Director, Financial Audit Services

22 September 2014
SYDNEY

STATUTORY AUDIT REPORT



t: 9275 7143
ref: D1433331/0746

Mr Don Colagiuri
Parliamentary Counsel
NSW Parliamentary Counsel's Office
Level 23, AMP Centre
50 Bridge Street
SYDNEY NSW 2000

22 September 2014

Dear Mr Colagiuri

STATUTORY AUDIT REPORT

for the period 24 February 2014 to 30 June 2014

Parliamentary Counsel's Office

I have audited the financial statements of the Parliamentary Counsel's Office (the Office) as required by the *Public Finance and Audit Act 1983* (PF&A Act). This Statutory Audit Report outlines the results of my audit for the period 24 February 2014 to 30 June 2014, and details matters I found during my audit that are relevant to you in your role as one of those charged with the governance of the Office. The PF&A Act requires that I send this report to the Office, the Minister and the Treasurer.

This report is not the Independent Auditor's Report, which expresses my opinion on the Office's financial statements. I have enclosed the Independent Auditor's Report, together with the Office's financial statements.

My audit is designed to obtain reasonable assurance the financial statements are free from material misstatement. It is not designed to identify and report all matters you may find of governance interest. Therefore, other governance matters may exist, which have not been reported to you.

My audit is continuous. If I identify further significant matters, I will report these to you immediately.

Audit Result

I expressed an unmodified opinion on the Office's financial statements and I have not identified any significant matters since my previous Statutory Audit Report.

Significant Matters

There are no significant findings to be reported in the Statutory Audit Report

Misstatements in the Financial Statements

The financial statements contained misstatements which are listed in the attached Appendix.

Compliance with Legislative Requirements

My audit procedures are targeted specifically towards forming an opinion on the Office's financial statements. This includes testing whether the Office has complied with legislative requirements that may materially impact on the financial statements. The results of the audit are reported in this context. My testing did not identify any reportable instances of non-compliance with legislative requirements.

Quality and Timeliness of Financial Reporting

Treasury Circular TC 14/02 'Mandatory early close procedures for 2014' required on the Office to prepare certain aspects of the financial statements before period-end and provide the outcomes to the audit team. The Office was required to submit its period-end information to Treasury and its financial statements to audit on 28 July 2014.

The Office completed the mandatory early close procedures set out in the Circular and supplied the outcomes to the Audit Office within the specified timeframe. The Office also submitted financial information to Treasury and the financial statements and supporting working papers to the Audit Office by the due dates. We endorse this activity and recommend the agency continue to identify ways to meet an earlier reporting timetable.

Auditor-General's Report to Parliament

Volume six of the 2014 Auditor-General's Report to Parliament will incorporate the results of the audit.

Acknowledgment

I thank the Office's staff for their courtesy and assistance.

Yours sincerely



Caroline Karakatsanis
Director, Financial Audit Services

Misstatements in the Financial Statements

The following tables detail the effect of the misstatements in the financial statements originally submitted for audit. Significant misstatements are reported individually.

Uncorrected Monetary Misstatements

I reported the following misstatements to management, which have not been corrected in the financial statements. I have received written representations from Michelle Butler confirming management's belief the effect of not correcting these misstatements is immaterial, individually and in aggregate, to the financial statements taken as a whole. I agree with management's determination and do not consider the uncorrected misstatements significant enough to modify my opinion in the Independent Auditor's Report.

Description	Assets	Liabilities	Retained earnings/Equity	Comprehensive income
Effect of potential correction	Increase/ (Decrease) \$	(Increase)/ Decrease \$	(Increase)/ Decrease \$	(Increase)/ Decrease \$
Misstatements identified in this period				
<i>Factual misstatements</i>				
• Accumulated depreciation not brought forward from DPC during separation as at 23 February 2014	--	(21,000)	--	21,000
• Expense has not been accrued as at 30 June 2014	--	(3,465)	--	3,465
Total impact if misstatements were corrected	--	(24,465)	--	24,465

Uncorrected Disclosure Deficiencies

I did not detect any disclosure deficiencies in the financial statements.

STATEMENT BY THE PARLIAMENTARY COUNSEL PURSUANT TO THE *PUBLIC FINANCE AND AUDIT ACT 1983*



New South Wales

PARLIAMENTARY COUNSEL'S OFFICE

Statement by the Parliamentary Counsel as head of the Parliamentary Counsel's Office

Pursuant to section 45F of the *Public Finance and Audit Act 1983*, I state to the best of my knowledge and belief that:

- a) The accompanying financial statements in respect of the period ended 30 June 2014 have been prepared in accordance with applicable Australian Accounting Standards, the provisions of the *Public Finance and Audit Act 1983*, applicable clauses of the Public Finance and Audit Regulation 2010 and the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies;
- b) The statements exhibit a true and fair view of the financial position of the Parliamentary Counsel's Office as at 30 June 2014, and transactions for the period then ended; and
- c) There are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.


Don Colagiuri
Parliamentary Counsel
13 September 2014

PCO FINANCIAL STATEMENTS

Parliamentary Counsel's Office

Financial Statements

for the period ended 30 June 2014

**Parliamentary Counsel's Office
Statement of comprehensive income
for the period ended 30 June 2014**

	Notes	Actual 2014 \$'000	Budget 2014 \$'000	Actual 2013 \$'000
Expenses excluding losses				
Operating expenses				
Employee related expenses	2(a)	2,877	-	-
Other operating expenses	2(b)	550	-	-
Depreciation and amortisation	2(c)	94	-	-
Finance costs	2(d)	2	-	-
Total expenses excluding losses		3,523	-	-
Revenue				
Recurrent grants from principal department	3(a)	3,444	-	-
Capital grants from principal department	3(a)	20	-	-
Sale of goods and services	3(b)	41	-	-
Acceptance by the Crown Entity of employee benefits and other liabilities	3(c)	136	-	-
Total Revenue		3,641	-	-
Gain / (loss) on disposal		-	-	-
Net result		118	-	-
Other comprehensive income		-	-	-
Total other comprehensive income for the year		-	-	-
TOTAL COMPREHENSIVE INCOME		118	-	-

The accompanying notes form part of these financial statements.

**Parliamentary Counsel's Office
Statement of financial position
as at 30 June 2014**

	Notes	Actual 2014 \$'000	Budget 2014 \$'000	Actual 2013 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	4	1	-	-
Receivables	5	394	-	-
Total Current Assets		<u>395</u>	<u>-</u>	<u>-</u>
Non-Current Assets				
Property plant and equipment	6	672	-	-
Plant and Equipment	7	383	-	-
Intangible assets				
Total Non-Current Assets		<u>1,055</u>	<u>-</u>	<u>-</u>
Total Assets		<u>1,450</u>	<u>-</u>	<u>-</u>
LIABILITIES				
Current Liabilities				
Payables	9	163	-	-
Provisions	10	812	-	-
Total Current Liabilities		<u>975</u>	<u>-</u>	<u>-</u>
Non-Current Liabilities				
Provisions	10	268	-	-
Total Non-Current Liabilities		<u>268</u>	<u>-</u>	<u>-</u>
Total Liabilities		<u>1,243</u>	<u>-</u>	<u>-</u>
Net Assets		<u>207</u>	<u>-</u>	<u>-</u>
EQUITY				
Accumulated funds		207	-	-
Total Equity		<u>207</u>	<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

**Parliamentary Counsel's Office
Statement of changes in equity
for the period ended 30 June 2014**

	Notes	Accumulated Funds \$'000	Total \$'000
Balance at 23 February 2014		-	-
Net result for the year		<u>118</u>	<u>118</u>
Other comprehensive income:			
Total other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>118</u>	<u>118</u>
Transaction with owners in their capacity as owners			
Increase / (decrease) in net assets from equity transfers	12	<u>89</u>	<u>89</u>
Balance at 30 June 2014		<u>207</u>	<u>207</u>
Balance at 1 July 2012		-	-
Net result for the year		<u>-</u>	<u>-</u>
Other comprehensive income:			
Total other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>-</u>	<u>-</u>
Transaction with owners in their capacity as owners			
Increase / (decrease) in net assets from equity transfers		<u>-</u>	<u>-</u>
Balance at 30 June 2013		<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

**Parliamentary Counsel's Office
Statement of cash flows
for the period ended 30 June 2014**

	Notes	Actual 2014 \$'000	Budget 2014 \$'000	Actual 2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(3,143)	-	-
Other		(528)	-	-
Total Payments		<u>(3,671)</u>	-	-
Receipts				
Recurrent grants from principal department		3,444	-	-
Capital grants from principal department (excluding equity appropriations)		20	-	-
Sale of goods and services		26	-	-
Total Receipts		<u>3,490</u>	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	15	<u>(181)</u>	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of plant and equipment		(194)	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(194)</u>	-	-
NET INCREASE (DECREASE) IN CASH				
Opening cash and cash equivalents		(375)	-	-
Cash transferred in (out) as a result of administrative restructuring		-	-	-
Payable by Department of Premier and Cabinet	12	1	-	-
CLOSING CASH AND CASH EQUIVALENTS	4	<u>375</u>	-	-
		<u>1</u>	-	-

Cash flow movements shown were processed through the Department of Premier and Cabinet's bank account, as Parliamentary Counsel's Office did not have an operating bank account until 1 July 2014.

The accompanying notes form part of these financial statements.

1 Summary of Significant Accounting Policies

(a) Reporting entity

The Parliamentary Counsel's Office (The Agency) is a NSW government agency. The Agency is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

Following the issuing of *Administrative Arrangements Order 2014* commencing 24 February 2014, the Parliamentary Counsel's Office transferred out of the Department of Premier and Cabinet to become a separate agency. The financial statements reflect the balances transferred from the Department of Premier and Cabinet and the transactions subsequent to 24 February 2014.

Under the reporting principles, the current year budget has remained with the Department of Premier and Cabinet.

These financial statements for the period ended 30 June 2014 have been authorised for issue by the Parliamentary Counsel on 18 September 2014.

(b) Basis of preparation

The Agency's financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* (PF&AA) and Public Finance and Audit Regulation 2010; and
- the Financial Reporting Directions published in the Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

Property, plant and equipment, investment property, assets (or disposal groups) held for sale and financial assets at 'fair value through profit or loss' and available for sale are measured at fair value. Other financial statements items are prepared in accordance with the historical cost convention.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Accounting for the Goods and Services Tax (GST)

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

- the amount of GST incurred by the agency as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the cash flow statement on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(e) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Recurrent and capital grants from principal department

Except as specified below, recurrent and capital grants from the principal department are generally recognised as income when the agency obtains control over the assets comprising the grants / contributions. Control over grants and contributions are normally obtained upon the receipt of cash. Recurrent and capital grants from the principal department are not recognised as revenue in the following circumstances:

1 Summary of Significant Accounting Policies (cont'd)

(e) Income recognition (cont'd)

- Unspent recurrent and capital grants from the principal department are recognised as liabilities rather than income, as the authority to spend the money lapses and the unspent amount must be repaid to the Consolidated Fund via the principal department.

(ii) Sale of goods

Revenue from the sale of goods is recognised as revenue when the agency transfers the significant risks and rewards of ownership of the assets.

(iii) Rendering of services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

(f) Assets

(i) Acquisitions of assets

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition (see also assets transferred as a result of an equity transfer - Note 1(j)).

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent; i.e. deferred payment amount is effectively discounted at an asset-specific rate.

(ii) Capitalisation thresholds

Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

(iii) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 Fair Value Measurement, AASB 116 Property, Plant and Equipment.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated.

For other assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

1 Summary of Significant Accounting Policies (cont'd)

(f) Assets (cont'd)

(iii) Revaluation of property, plant and equipment (cont'd)

Revaluation increments are credited directly to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation surplus in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of assets, they are debited directly to the asset revaluation surplus.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation surplus in respect of that asset is transferred to accumulated funds.

(iv) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

(v) Depreciation of property, plant and equipment

Except for certain heritage assets, depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the agency.

All material separately identifiable components of assets are depreciated over their shorter useful lives.

Depreciation Rates	2014 % Rate
<i>Plant & Equipment</i>	
<i>Office furniture and fittings</i>	10
<i>Computer equipment</i>	25
<i>General plant and equipment</i>	14
<i>Leasehold improvements - over the period of the lease</i>	
<i>Amortisation of intangible assets</i>	
The following amortisation rates have been adopted:	
Software	20 to 33

(vi) Major inspection costs

When each major inspection is performed, the labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

(vii) Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

1 Summary of Significant Accounting Policies (cont'd)

(f) Assets (cont'd)

(viii) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or a component of an asset, in which case the costs are capitalised and depreciated.

(ix) Leased assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor does not transfer substantially all the risks and benefits.

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the statement of comprehensive income in the periods in which they are incurred.

(x) Intangible assets

The Agency recognises intangible assets only if it is probable that future economic benefits will flow to the agency and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the agency's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Agency's intangible assets are amortised using the straight line method over a period of 3 to 5 years.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

(xi) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(xii) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

When an available for sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the net result for the year, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the net result for the year.

1 Summary of Significant Accounting Policies (cont'd)

(f) Assets (cont'd)

(xii) Impairment of financial assets (cont'd)

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence, except reversals of impairment losses on an investment in an equity instrument classified as "available for sale" must be made through the surplus. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(xiii) De-recognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the agency transfers the financial asset:

- where substantially all the risks and rewards have been transferred or
- where the agency has not transferred substantially all the risks and rewards, if the entity has not retained control.

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

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(xiv) Other assets

Other assets are recognised on a cost basis.

(g) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to the Agency and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Employee benefits and other provisions

(a) Salaries and wages, annual leave, sick leave and on-costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits*, (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The entity has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave.

1 Summary of Significant Accounting Policies (cont'd)

(g) Liabilities (cont'd)

(ii) Employee benefits and other provisions (cont'd)

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

(b) Long service leave and superannuation

The Agency's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The agency accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 14/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(c) Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

(iii) Other Provisions

Other provisions exist when: the entity has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Any provisions for restructuring are recognised only when an entity has a detailed formal plan and the entity has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

If the effect of the time value of money is material, provisions are discounted at 3.54%, which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

(h) Fair value hierarchy

A number of the entity's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the entity categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 - inputs that are not based on observable market data (unobservable inputs).

The entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer Note 8 and Note 16 for further disclosures regarding fair value measurements of financial and non-financial assets.

1 Summary of Significant Accounting Policies (cont'd)

(j) Equity and reserves

(i) Accumulated Funds

The category 'Accumulated Funds' includes all current and prior period retained funds.

(ii) Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards (e.g. asset revaluation reserve and foreign currency translation reserve).

(j) Equity transfers

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs / functions and parts thereof between NSW public sector agencies and 'equity appropriations' (refer Note 1(e)(i)) are designated or required by Australian Accounting Standards to be treated as contributions by owners and recognised as an adjustment to "Accumulated Funds". This treatment is consistent with AASB 1004 *Contributions* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit entities and for-profit government departments are recognised at the amount at which the assets and liabilities were recognised by the transferor government department immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the agency recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the agency does not recognise that asset.

(k) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period, as adjusted for section 24 of the PFAA where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

(l) Changes in accounting policy, including new or revised Australian Accounting Standards

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Australian Accounting Standards have not been applied and are not yet effective, in accordance with the NSW Treasury mandate (TC 14/03)

- AASB 9, AASB 2010-7 and AASB 2012-6 regarding financial instruments
- AASB 10 (NFP) Consolidated Financial Statements (NFP entities only)
- AASB 11 (NFP) Joint Arrangements (NFP entities only)
- AASB 12 (NFP) Disclosure of Interests in Other Entities (NFP entities only)
- AASB 127 (NFP) Separate Financial Statements (NFP entities only)
- AASB 128 (NFP) Investments in Associates and Joint Ventures (NFP entities only)
- AASB 1031 Materiality
- AASB 1055 and AASB 2013-1 regarding budgetary reporting
- AASB 2011-7 (NFP) regarding consolidation and joint arrangements (NFP entities only)
- AASB 2012-3 regarding offsetting financial assets and financial liabilities
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4 regarding financial instruments – Novation of Derivatives and Continuation of Hedge Accounting
- AASB 2013-5 regarding accounting for Investment Entities
- AASB 2013-6 regarding Reduced Disclosure Requirements
- AASB 2013-7 regarding accounting for life insurance contracts
- AASB 2013-8 regarding Australian Implementation Guidance for NFP Entities – Control & Structured Entities
- AASB 2013-9 regarding the Conceptual Framework, Materiality and Financial Instruments (Parts B and C).

The Agency anticipates that the adoption of these Standards in the period of initial application will have no material impact on the financial statements.

2 Expenses Excluding Losses

	2014 \$'000	2013 \$'000
(a) Employee related expenses		
Salaries and wages (including recreation leave)	2,265	-
Superannuation - defined benefit plans	45	-
Superannuation - defined contribution plans	83	-
Long service leave	137	-
Payroll tax and fringe benefit tax	152	-
Agency contractors	195	-
	<u>2,877</u>	<u>-</u>

	2014 \$'000	2013 \$'000
(b) Other operating expenses include the following:		
Auditors remuneration*	-	-
Corporate services	40	-
Fees for services rendered	23	-
Motor vehicle expenses	2	-
Operating lease rental expense - minimum lease payments	249	-
Telephone and communication costs	5	-
Stores and minor assets	4	-
Training (staff development)	5	-
Travel costs	8	-
Other expenses	88	-
Other occupancy costs	101	-
Information dissemination	21	-
Maintenance	4	-
	<u>550</u>	<u>-</u>

*Auditors remuneration of \$27k paid by the Department of Premier and Cabinet.

	2014 \$'000	2013 \$'000
(c) Depreciation and amortisation expense		
Depreciation		
Plant and Equipment	17	-
Total Depreciation	<u>17</u>	<u>-</u>
Amortisation		
Leasehold improvements	39	-
Intangible assets	38	-
Total Amortisation	<u>77</u>	<u>-</u>
Total depreciation and amortisation	<u>94</u>	<u>-</u>

	2014 \$'000	2013 \$'000
(d) Finance costs		
Unwinding of discount rate on make good provision	2	-
	<u>2</u>	<u>-</u>

Parliamentary Counsel's Office
Notes to the financial statements
for the period ended 30 June 2014

3 Revenue

	2014	2013
	\$'000	\$'000
(a) Recurrent and capital grants from principal department		
Recurrent grants from principal department		
Recurrent grants from principal department (per Statement of comprehensive income)	3,444	-
	3,444	-
Capital grants from principal department		
Capital grants from principal department (per Statement of comprehensive income)	20	-
	20	-
	2014	2013
	\$'000	\$'000
(b) Sale of goods and services		
Rendering of services		
Other	41	-
	41	-
(c) Acceptance by the Crown Entity of employee benefits and other liabilities		
Superannuation - defined benefit	45	-
Long service leave	89	-
Payroll tax on superannuation	2	-
	136	-

4 Current Assets - Cash and Cash Equivalents

	2014	2013
	\$'000	\$'000
Cash at bank and on hand	1	-
Closing cash and cash equivalents (as per statement of cash flows)	1	-

For the purposes of the Statement of cash flows, cash and cash equivalents include cash at bank, cash on hand, short term deposits and bank overdraft.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:

	2014	2013
	\$'000	\$'000
Cash and cash equivalents (per statement of financial position)	1	-
Closing cash and cash equivalents (per statement of cash flows)	1	-

Refer Note 16 for details regarding credit risk, liquidity risk, and market risk arising from financial instruments.

**Parliamentary Counsel's Office
Notes to the financial statements
for the period ended 30 June 2014**

5 Current Assets - Receivables

	2014 \$'000	2013 \$'000
Sale of goods and services	8	-
Accrued income	380	-
Other receivables	6	-
	<u>394</u>	<u>-</u>
Movement in the allowance for impairment		
Balance at 24 February 2014	-	-
Amounts written off during the period	-	-
Increase / (decrease) in allowance recognised in profit or loss	-	-
Balance at 30 June 2014	<u>-</u>	<u>-</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 16.

6 Non-Current Assets – Property, Plant and Equipment

	Plant and Equipment \$'000	Total \$'000
At 24 February 2014 - fair value		
Gross carrying amount	-	-
Accumulated depreciation and impairment	-	-
Net carrying amount	<u>-</u>	<u>-</u>
At 30 June 2014 - fair value		
Gross carrying amount	1,628	1,628
Accumulated depreciation and impairment	(956)	(956)
Net carrying amount	<u>672</u>	<u>672</u>

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.

	Plant and Equipment \$'000	Total \$'000
Period ended 30 June 2014		
Net carrying amount at start of period	-	-
Additions	41	41
Disposals	-	-
Acquisitions through administrative restructures	687	687
Depreciation expense	(56)	(56)
Net carrying amount at end of the period	<u>672</u>	<u>672</u>

There is no comparative information as the Agency commenced on 24 February 2014.

The Agency also continues to derive service potential and economic benefit from some fully depreciated assets that have not been revalued this financial year. The impact of valuation is likely to be minimal as most fully depreciated assets are likely to be in poor condition and therefore may or may not have zero value.

7 Intangible Assets

	Software \$'000	Total \$'000
At 24 February 2014		
Cost (gross carrying amount)	-	-
Accumulated amortisation and impairment	-	-
Net carrying amount	-	-
At 30 June 2014		
Cost (gross carrying amount)	533	533
Accumulated amortisation and impairment	(150)	(150)
Net carrying amount	383	383
Period ended 30 June 2014		
Net carrying amount at start of period	-	-
Additions	153	153
Acquisitions through administrative restructures	268	268
Amortisation (recognised in "depreciation and amortisation")	(38)	(38)
Net carrying amount at end of period	383	383

There is no comparative information as the Agency commenced on 24 February 2014.

The Agency also continues to derive service potential and economic benefit from some fully amortised assets that have not been revalued this financial year. The impact of valuation is likely to be minimal as most fully depreciated assets are likely to be obsolete and therefore may or may not have zero value.

8 Fair value measurement of non-financial assets

(a) Fair value hierarchy

2014

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
Property, plant and equipment (Note 6)				
Plant and equipment	-	672	-	672
	-	672	-	672
Intangibles (Note 7)				
Software	-	383	-	383
	-	383	-	383

(b) Valuation techniques, inputs and processes

For non-specialised assets with short useful lives, AASB 13 allows recognition at depreciated historical cost as an acceptable surrogate for fair value as differences are considered immaterial. Thus the values considered above are fair value for Plant & Equipment and Leasehold Improvements. The Agency has allocated these types of equipment to level 2 based on the fact that once these items are in use, level 2 is considered more appropriate as an indirect observable market is available.

**Parliamentary Counsel's Office
Notes to the financial statements
for the period ended 30 June 2014**

9 Current Liabilities – Payables

	2014 \$'000	2013 \$'000
Payables		
Accrued salaries, wages and on-costs	141	-
Creditors	22	-
	163	-

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 16.

10 Current / Non-Current Liabilities – Provisions

	2014 \$'000	2013 \$'000
Current		
Employee related benefits and on-costs		
Annual leave and applicable on-costs	485	-
Long service leave on-costs	185	-
Payroll tax	142	-
	812	-
Non-current		
Employee related benefits and on-costs		
Long service leave on- costs	10	-
Payroll tax	6	-
Other Provisions		
Restoration costs	252	-
	268	-
Aggregate employee benefits and related on-costs		
Provisions - current	812	-
Provisions - non-current	16	-
Accrued salaries, wages and on-costs (Note 9)	141	-
	969	-

Movements in provisions (other than employee benefits)

Movements in each class of provision during the financial year, other than employee benefits are set out below:

	2014 \$'000	2013 \$'000
Restoration costs		
Carrying amount at the beginning of financial year	-	-
Transferred in due to Administrative Restructure	250	-
Additional provisions recognised	-	-
Amounts used	-	-
Unused amounts reversed	-	-
Unwinding/change in the discount rate	2	-
Carrying amount at end of financial year	252	-

11 Commitments for Expenditure

	2014 \$'000	2013 \$'000
(a) Operating Lease Commitments		
Future non-cancellable operating lease rentals not provided for and payable		
Not later than one year	1,183	-
Later than one year and not later than five years	3,744	-
Later than five years	-	-
Total (including GST)	4,927	-

* The operating lease commitments relate to leasing of office space and motor vehicles. The expenditure above include input tax credits of \$448 thousand (2013: \$0) that are expected to be recoverable from the Australian Taxation Office.

12 Increase / Decrease in Net Assets from Equity Transfers

Following the issuing of Administrative Arrangements Order commencing 24-February 2014, the Parliamentary Counsel's Office transferred out of the Department of Premier and Cabinet to become a separate agency.

		Period ended Actual 23 February 2014 \$'000
ASSETS		
Current assets		
Cash and cash equivalents		1
Receivables		4
Total current assets		5
Non-current assets		
Property plant and equipment		
- Plant and Equipment		687
Total Property plant and equipment		687
Intangible assets		268
Total non-current assets		955
Total Assets		960
LIABILITIES		
Current liabilities		
Payables		-
Provisions		610
Total current liabilities		610
Non-current liabilities		
Provisions		261
Total non-current liabilities		261
Total liabilities		871
Net Assets		89
Increase in net assets from equity transfer		89

**Parliamentary Counsel's Office
Notes to the financial statements
for the period ended 30 June 2014**

12 Increase / Decrease in Net Assets from Equity Transfers (cont'd)

Included below is a proforma Statement of Financial Performance summarising the expenses and revenues, recognised by the Department of Premier and Cabinet up to 23 February 2014 and for the Parliamentary Counsel's Office from 24 February 2014 to 30 June 2014 for the reporting period. In 2013 the Parliamentary Counsel's Office results were included in the Administrative Support to Government Service Group within the Department of Premier and Cabinet

	Actual Performance			Budget	Actuals
	1 July 2013 to 23 February 2014 \$'000	24 February to 30 June 2014 \$'000	Year ended 30 June 2014 \$'000	Year Ended 30 June 2014 \$'000	Year ended 30 June 2013 \$'000
Expenses excluding losses					
Operating expenses					
Employee related	4,529	2,877	7,406	7,529	6,658
Other operating expenses	996	550	1,546	1,608	1,537
Depreciation and amortisation	342	94	436	448	436
Finance Cost	-	2	2	-	-
Total expenses excluding losses	5,867	3,523	9,390	9,585	8,631
Revenue					
Recurrent grants from principal department	-	3,444	3,444	-	-
Capital grants from principal department	-	20	20	-	-
Sale of goods and services	159	41	200	211	312
Acceptance by the Crown Entity of employee benefits and other liabilities	-	136	136	-	-
Total Revenue	159	3,641	3,800	211	312
Net result	(5,708)	118	(5,590)	(9,374)	(8,319)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(5,708)	118	(5,590)	(9,374)	(8,319)

13 Contingent Liabilities and Contingent Assets

Contingent liabilities

The Agency is not aware of any contingent liabilities associated with its operations.

Contingent assets

The Agency is not aware of any contingent assets associated with its operations.

**Parliamentary Counsel's Office
Notes to the financial statements
for the period ended 30 June 2014**

14 Budget Review

Following the issuing of Administrative Arrangements Order commencing 24 February 2014, the Parliamentary Counsel's Office transferred out of the Department of Premier and Cabinet to become a separate agency. The financial statements reflect the balances transferred from the Department of Premier and Cabinet and the transactions subsequent to 24 February 2014.

Under the reporting principles, the current year budget has remained with the Department of Premier and Cabinet.

Net result

Note 12 includes a proforma Statement of Financial Performance that allows a comparison of the 2013-14 performance to Budget as if the separation did not occur.

It indicates that on a full year basis, the expenditure of the Parliamentary Counsel's Office had a minor 2% underspend against budget, primarily in the employment related cost line. External revenue was in line with budget.

Assets and liabilities

There was no balance sheet budget produced for the Agency, for the 2013-14 year.

Cash flows

There was no balance sheet budget produced for the Agency, for the 2013-14 year.

15 Reconciliation of Cash Flows from Operating Activities to Net Result

	2014 \$'000	2013 \$'000
Net cash used on operating activities	(181)	-
Acceptance by the Crown Entity of employee benefits and other liabilities	136	-
Net adjustments for equity transfer	617	-
Depreciation	(94)	-
Decrease / (increase) in provisions	(772)	-
Increase / (decrease) in receivables	575	-
(Increase) / decrease in creditors	(163)	-
Net Result	118	-

16 Financial Instruments

The Agency's principal financial instruments are outlined below. These financial instruments arise directly from the Agency's operations or are required to finance the Agency's operations. The Agency does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Agency's main risks arising from financial instruments are outlined below, together with the Agency's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Chief Executive has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Agency, to set risk limits and controls and to monitor risks.

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount 2014 \$'000	Carrying Amount 2013 \$'000
Class:				
Cash and cash equivalents	4	N/A	1	0
Receivables ¹	5	Loans and receivables (at amortised cost)	394	0
Financial Liabilities				
Financial Liabilities	Note	Category	Carrying Amount 2014 \$'000	Carrying Amount 2013 \$'000
Class:				
Payables ²	9	Financial liabilities measured at amortised cost	163	0

Notes

¹Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)

²Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7)

(b) Credit Risk

Credit risk arises when there is the possibility of the Agency's debtors defaulting on their contractual obligations, resulting in a financial loss to the Agency. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Agency, including cash, receivables and authority deposits. No collateral is held by the Agency. The Agency has not granted any financial guarantees.

Credit risk associated with the Agency's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

Cash

At 30 June 2014, cash inly comprises cash on hand. The bank account of the new agency was activated on 1 July 2014.

16 Financial Instruments (cont'd)

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 14 or 30 day terms.

The Agency is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2014: \$0; 2013: \$0) and not less than 3 months past due (2014: \$0; 2013: \$0) are not considered impaired and together these represent 100% of the total trade debtors. Most of the Agency's debtors have a AAA credit rating. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

The only financial assets that are past due or impaired are "sales of goods and services" in the "receivables" category of the statement of financial position.

	Total ^{1,2}	\$'000 Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
2014			
< 3 months overdue	-	-	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	-	-	-
2013			
< 3 months overdue	-	-	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	-	-	-

Notes

¹Each column in the table reports "gross receivables".

²The ageing analysis excludes receivables that are not past due and not impaired. Therefore the "total" will not reconcile to the receivables total recognised in the statement of financial position.

(c) Liquidity risk

Liquidity risk is the risk that the Agency will be unable to meet its payment obligations when they fall due. The Agency continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Minister may automatically pay the supplier simple interest. There was no interest for late payments applied during the period (2013 – n/a).

The table below summarises the maturity profile of the Parliamentary Counsel's Office's financial liabilities, together with the interest rate exposure.

16 Financial Instruments (cont'd)

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Agency's exposures to market risk are primarily through interest rate risk on the Agency's borrowings and other price risks associated with the movement in the unit price of the Hour Glass Investment facilities. The Agency has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Agency operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through the Agency's interest bearing liabilities. The Agency does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The Agency's exposure to interest rate risk is set out below.

	Carrying Amount	- 1% Profit \$'000	Equity \$'000	1% Profit \$'000	Equity \$'000
2014					
<i>Financial assets</i>					
Cash and cash equivalents	1	-	-	-	-
Receivables	394	(4)	(4)	4	4
<i>Financial liabilities</i>					
Payables	163	(2)	(2)	2	2
2013					
<i>Financial assets</i>					
Cash and cash equivalents	-	-	-	-	-
Receivables	-	-	-	-	-
<i>Financial liabilities</i>					
Payables	-	-	-	-	-
Total	-	-	-	-	-

(e) Fair value measurement

Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value. As discussed, the value of the Hour-Glass Investments is based on the Parliamentary Counsel's Office's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of all of the financial instruments.

17 Events after the Reporting Period

No events have occurred subsequent to balance date which will materially affect the financial statements.

End of audited financial statements

Abbreviations used in this report

AustLII—Australasian Legal Information Institute

DPC—Department of Premier and Cabinet

EEO—Equal Employment Opportunity

EPI—Environmental Planning Instrument

GIPA—*Government Information (Public Access) Act 2009*

GIPAR—*Government Information (Public Access) Regulation 2009*

GSE—*Government Sector Employment Act 2013*

HTML—HyperText Markup language

LEP—Local Environmental Plan

PCC—Australasian Parliamentary Counsel’s Committee

PCO—Parliamentary Counsel’s Office

PPIP—*Privacy and Personal Information Protection Act 1998*

SC—Senior Counsel

SES—Senior Executive Service

SGML—Standard Generalised Markup Language

WHS—Work Health and Safety

WRAPP—Waste Reduction and Purchasing Policy

XML—Extensible Markup Language

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