



Crown
Solicitor's
Office

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NSW Crown Solicitor's Office Annual Report

for the period ended 30 June 2015

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Crown Solicitor's Office

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13 October 2015

The Hon Gabrielle Upton, MP
Attorney General and Minister for Justice
Level 18, 52 Martin Place
SYDNEY NSW 2000

Dear Attorney General,

I have pleasure in presenting to you the annual report of the Crown Solicitor's Office for the period 1 July 2014 to 30 June 2015.

The report has been prepared in accordance with the *Annual Reports (Departments) Act 1985* and the *Public Finance and Audit Act 1983* for presentation to Parliament.

Yours faithfully,

Lea Armstrong
Crown Solicitor

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Crown Solicitor's message



Crown Solicitor Lea Armstrong

I am pleased to present the Annual Report for 2014/15 for the Crown Solicitor's Office ('CSO').

The 2014/15 year was a significant period of change for the CSO with the retirement of longstanding Executive members, the work associated with continuing our transition to an executive agency and the implementation of new compliance requirements under the *Government Sector Employment Act 2013* ('GSE Act'). It is pleasing to see that, throughout this period, the CSO continued to deliver its services proficiently and professionally and that initiatives outlined in the 2014/15 Business Plan have been achieved or significantly progressed.

I would like to acknowledge the dedicated and invaluable work of our past Executive: Crown Solicitor Ian Knight, Deputy Crown Solicitor Peter Anet and Practice Manager Denise McOnie. Their efforts over many years have kept the CSO true to its purpose of providing clients with quality legal matter management and advice, delivered with integrity and professional independence.

As the incoming Crown Solicitor, my focus is on positioning the CSO in the best possible way to ensure that it can continue to thrive and provide a high quality general legal service to government. It is important that we continue to operate successfully on a commercial basis, but our primary objective is to fulfil the government's need for a strong advisor driven by public interest, not profit.

I want to continue to improve service delivery to clients in a manner that keeps costs to government reasonable. The current project, to implement a new Practice Management System integrated with our other major systems, will be a significant step in that direction.

In the coming year, I will also be working on the implementation of the Senior Executive reforms and other reforms under the *GSE Act* to ensure that we have the right leadership structure in place and that our recruitment and performance management practices are GSE compliant and deliver the required results.

Over the 2014/15 year, the CSO was instructed in 3,579 new matters. The annual client survey results were pleasing with 87 per cent of our clients rating our services as better than or equal to that of other law firms that they use.

In addition to the thousands of legal matters managed this year, the CSO continued to represent the State before the Royal Commission into Institutional Responses to Child Sexual Abuse and to assist the Commissioner in the Special Commission of Inquiry into the Greyhound Racing Industry in NSW. The CSO has also continued to deliver against the requirements of legal service panel arrangements.

Our financial performance was better than budgeted and we delivered an operating surplus of \$2.285 million which was \$0.304 million better than budgeted. From this surplus, the CSO will pay a financial distribution of \$1.387 million to NSW Treasury.

We continued to offer our specialised introductory and advanced training sessions for clients on the *Government Information (Public Access) Act 2009* ('GIPA Act') and NSW privacy legislation. Our monthly legal seminar program remains very popular with clients, with over 800 attendees and webinars offered for the benefit of 250 regional clients during the past year.

The CSO was pro-active in its undertaking to reduce waste and energy as part of the Sustainability Advantage program. In 2014/15, the CSO achieved Bronze status in this program.

I look forward to the upcoming year and, together with my staff, we will continue to strive to deliver the best possible legal services, supporting the NSW Government into the future.



Lea Armstrong

Crown Solicitor

Charter

The CSO is an Executive Agency related to the Department of Justice. The establishment of the CSO as an executive agency commenced on 24 February 2014 pursuant to Schedule 1 to the *Government Sector Employment Act 2013*. The Crown Solicitor is the head of the agency and is responsible to the Attorney General.

Pursuant to s. 110 of the *Legal Profession Act 2004* (s. 44 of the *Legal Profession Uniform Law Application Act 2014* effective from 1 July 2015) the Crown Solicitor may act as solicitor for:

- the State of New South Wales
- a person suing or being sued on behalf of the State of New South Wales
- a Minister of the Crown in his or her official capacity as such a Minister
- a body established by an Act or other law of New South Wales
- an officer or employee of the Public Service or any other service of the State of New South Wales or of a body established by an Act or other law of New South Wales
- a person holding office under an Act or other law of New South Wales or because of the person's appointment to that office by the Governor or a Minister of the Crown
- any other person or body, or any other class of persons or bodies, approved by the Attorney General.

Tied legal work as defined in Premier's Memorandum 1995/39, must be referred to the Crown Solicitor, and is performed on a cost recovery basis.

The Crown Solicitor's legal fees and disbursements for tied legal work are met from an appropriation administered by the Department of Justice unless some other fund is available, such as the Treasury Managed Fund.

The Crown Solicitor competes with the private sector for untied legal work.

Aims and objectives

The Crown Solicitor provides legal services to the State Government of NSW and the other entities specified in s. 110 of the *Legal Profession Act 2004* (s. 44 of the *Legal Profession Uniform Law Application Act 2014* effective from 1 July 2015).

The Crown Solicitor is the solicitor on the record for the purpose of legal proceedings.

The Crown Solicitor, supported by her staff, is the largest provider of legal services to the NSW Government and its agencies and the sole provider of legal services in all matters which are regarded as being core to government functions. The Crown Solicitor manages thousands of legal matters each year, many of which are long-running matters involving substantial litigation.

The Crown Solicitor must be engaged by government agencies to perform legal services in respect of matters which:

- have implications for government beyond an individual Minister's portfolio
- involve the constitutional powers and privileges of the State and/or the Commonwealth
- raise issues which are fundamental to the responsibilities of government
- arise from, or relate to, matters falling within the Attorney General's area of responsibility.

The Crown Solicitor also competes with the private legal profession to perform untied legal work for Government agencies.

The Crown Solicitor's staff understand the sensitivities which attend the functions of the NSW State Government and work hard to ensure positive working partnerships are built with clients. They seek to use their unique knowledge to provide high quality legal advice and services while maintaining integrity and professional independence.

The Crown Solicitor does not provide legal services to the general public.

As a NSW government agency, the CSO complies with all NSW Government directions and policies and endeavours to understand clients' objectives, challenges and how they operate.

The CSO exists to serve the public interest and endeavours to ensure legal costs for government are reasonable.

Our Vision

Our vision is:

- To be the legal service provider of choice for NSW government agencies.
- To be a legal services employer of choice.

Our values

We share common values with the rest of the public service as articulated in the Ethical Framework published by the Public Service Commissioner.

These values are:

- Integrity
- Trust
- Service
- Accountability

Services provided

Some 360 legal and support staff are employed in 11 specialist legal practice groups:

- **Administrative Law** — advises clients in the areas of statutory interpretation and administrative law, and offers representation and advice in access to government information and privacy matters.
- **Child Protection** — offers litigation and advice services in all aspects of child protection law and practice and other areas of law relating to children.
- **Commercial Litigation and Property Law** — undertakes commercial litigation, property litigation and transactions and advice matters in both the commercial and property areas.
- **Community Law** — provides advice and representation in a wide range of areas of law including charitable trusts, non-employment related discrimination, public interest immunity, guardianship and relator actions.
- **Constitutional and Native Title Law** — advises and represents the State in relation to matters arising under the (Commonwealth) Constitution and matters affecting native title and Aboriginal land rights claims.
- **Criminal Law** — advises and represents clients in a range of courts and tribunals and provides advice and litigation services in matters including those that relate to summary and regulatory prosecutions, applications for AVOs, sentencing and contempt of court.
- **Employment Law** — provides advice on employment and industrial law at the Federal and State level and acts for agencies in a wide range of employment issues including Work, Health & Safety prosecutions and dispute resolution whether by informal discussion, conciliation or mediation.

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- **Government and Commercial Law** — advises the Executive, Parliament, Auditor General, Ombudsman and Independent Commission Against Corruption on a wide range of matters. Manages matters relating to commercial transactions and agreements including asset divestments and long-term leaseings, intellectual property, tenders, corporations law and trade practices, probity and public finance.
 - **Inquiries** — assists and represents clients at inquests and all forms of inquiry, in relation to matters involving investigatory processes. Assists the State Coroner in complex coronial inquests and represents interested parties and assists in special commissions.
 - **Torts Law (Justice/Enforcement Agencies)** — undertakes all aspects of the defence and settlement of civil claims, in particular those involving law enforcement agencies and claims for intentional torts.
 - **Torts Law (Service/Regulatory Agencies)** — undertakes all aspects of the defence and settlement of civil claims involving State agencies, including the conduct of litigation at first instance and at all stages of appeal.

The **Business Services unit** provides administrative and business support to legal practice groups and clients. It comprises:

- Business Systems Support
- Finance and Support Services
- Information Services
- Marketing
- Resource Management and Planning

In addition to legal services, the CSO provides a complimentary range of value-add services to its clients.

Management and structure

The CSO Executive

The CSO Executive comprises the Crown Solicitor as head of the agency, the Deputy Crown Solicitor and the Practice Manager.

Crown Solicitor

The NSW Crown Solicitor, until his retirement on 20 February 2015, was Mr Ian V Knight.

Mr John McDonnell (Assistant Crown Solicitor) acted in this role from 23 February 2015 to 31 March 2015 and again from 29 June 2015 to 10 July 2015. Mr Richard Kelly (Assistant Crown Solicitor) acted in the role from 1 April 2015 to 29 May 2015. Ms Lea Armstrong was appointed to the role on 26 June 2015 and commenced on 13 July 2015.

Deputy Crown Solicitor

The Deputy Crown Solicitor, until his retirement on 7 November 2014, was Mr Peter Anet. The following Assistant Crown Solicitors have acted in the role subsequently:

- Mr Brett Thomson (10 November 2014 - 23 January 2015)
- Mr John McDonnell (27 January - 20 February 2015 and 1 April – 26 June 2015)
- Mr Richard Kelly (27 February - 31 March 2015)
- Mr Paolo Buchberger (26 June 2015 to date)

Practice Manager

The Practice Manager, until her retirement on 12 December 2014, was Ms Denise McOnie. Subsequently, Ms Amalia Stanizzo acted in the role from 15 December 2014 to 27 February 2015 and Ms Sandra Jones has been acting in the role since 2 March 2015.

Current CSO Executive Qualifications

Lea Armstrong, Crown Solicitor, BA (Hons), LLB (Hons), LLM

Lea Armstrong was appointed Crown Solicitor in June 2015. Lea is a solicitor with over 23 years' experience in government and commercial law, gained in both the public and private sectors. She has extensive experience in leading and directing the provision of legal services to NSW government agencies across a wide range of areas.

Prior to taking up her appointment as Crown Solicitor, Lea most recently occupied the role of General Counsel at the NSW Treasury, providing legal advice to the Secretary and across that department on the leasing of electricity networks, financial management reform, and a range of significant commercial and structural reforms.

During a previous period of employment at the CSO, she worked in a number of executive legal roles, including as General Counsel with a focus on major commercial

transactions and reform projects for NSW Government clients. She advised the State of NSW, for example, on the long-term leasing of its major ports, the sale of State-owned electricity assets, national energy market reform, the corporatisation of the Forestry Commission, and the long-term licensing and sale of NSW Lotteries to the private sector.

Lea also has substantial experience in managing and delivering complex legislative projects, having worked extensively with key stakeholders (from both government and private sectors) and parliamentary counsel on innovative legislation at both the State and intergovernmental level.

Paolo Buchberger, A/Deputy Crown Solicitor BA, LLB

With over 19 years' experience in constitutional and native title law, Paolo provides advice in respect of complex constitutional matters, prepares intergovernmental agreements for the State and conducts constitutional litigation. He advises the Attorney General in relation to potential intervention in constitutional matters arising in courts throughout the Commonwealth and has appeared for clients in court in proceedings challenging the constitutional validity of State and Commonwealth legislation.

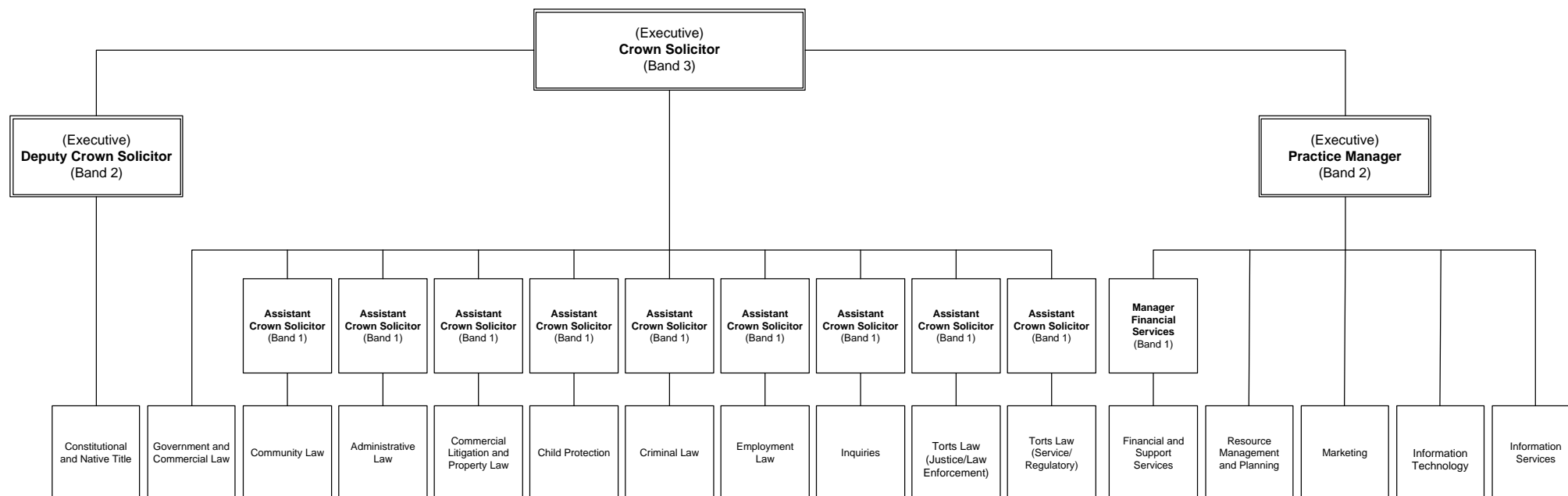
Paolo has instructed in numerous high profile cases before the High Court including the WorkChoices challenge. He also provided legal support in the development and defence of the race fields provisions, the validity of which was upheld in *Betfair v Racing New South Wales* and, more recently, *Williams v the Commonwealth*. Paolo has also appeared for the State in native title litigation and mediation sessions and is the Secretary to the Special Committee of Solicitors General.

Sandra Jones A/Practice Manager, B Bus, CPA

Sandra has over 20 years' experience in financial and business management of commercialised NSW government agencies and business units. Her usual role is that of Chief Financial Officer for the CSO. As the A/Practice Manager of CSO, she is responsible for Business Services including risk management, Resource Management and Planning, Learning and Development, Finance and Support, Business Systems Support, Information Services and Marketing.

6.

Organisation chart indicating functional responsibilities



Summary review of operations

Summary of significant matters

The following matters showcase the diversity of legal matters managed by the Crown Solicitor during the reporting period.

Independent Commission Against Corruption v Cunneen [2015] HCA 14

Ms Cunneen, a Crown Prosecutor, became the subject of an investigation by the Independent Commission Against Corruption ('ICAC') after she allegedly instructed her son's girlfriend to avoid a police breathalyser test by feigning chest pains. Ms Cunneen sought declaratory and other relief in the Supreme Court on the basis that ICAC had no jurisdiction to investigate the matter, as no conduct amounting to 'corrupt conduct' within the meaning of the *Independent Commission Against Corruption Act 1988* ('the ICAC Act') was alleged.

At first instance in the Supreme Court, Ms Cunneen's application was dismissed. In the Court of Appeal, the majority (Basten and Ward JJA, Bathurst CJ in dissent) overturned that decision, applying a purposive approach to statutory interpretation and reading down the words 'adversely affects' in s. 8(2) of the ICAC Act.

The Commission was granted special leave to appeal against the judgment of the Court of Appeal. In the High Court, the majority's decision again turned on the construction it gave to the words 'adversely affects'. It held that the principle of legality, and the fact that any narrower construction of the phrase 'adversely affects' would cause the definition of 'corrupt conduct' in s. 8 to cover a wide range of conduct, some of which 'would be far removed from the ordinary conception of corruption in public administration', was a statutory context suggestive of a broader construction. Although the High Court did not accept the reasoning of the majority in the Court of Appeal, it reached the same conclusion and the appeal was dismissed.

This was a significant decision for the exercise of ICAC's functions. The Crown Solicitor subsequently appeared for both ICAC and the Attorney General in an unsuccessful High Court challenge to the validity of subsequently enacted validating legislation – *Duncan v Independent Commission Against Corruption* [2015] HCA 32 (9 September 2015).

Duncan, McGuigan, Kinghorn, Cascade Coal v ICAC [2014] NSWSC 1018

The individual plaintiffs, who were the subjects of an investigation by ICAC, sought orders in the Supreme Court declaring that the findings of corrupt conduct made against them by ICAC were not made according to law and were a nullity. The corporate plaintiffs sought declarations as to the invalidity of recommendations made against them by ICAC.

The Court considered the meaning of 'corrupt conduct' in the *Independent Commission Against Corruption Act 1988*, as well as the offence provisions in the *Crimes Act 1901*

and the *Corporations Act 2001* (Cth) relied upon in making the findings. It held that, if evidence of an offence under either s. 192E(1)(b) of the *Crimes Act* or s. 184(1) of the *Corporations Act* existed, a finding of corrupt conduct could be sustained on that basis. In respect of Messrs Duncan, McGuigan, Atkinson and Poole, it held that there was sufficient evidence upon which to base such a finding; in the case of Mr Kinghorn, however, the Court held that ICAC had not made a finding of fact upon which a finding of corrupt conduct could be based. The Court also rejected grounds raised by the individual plaintiffs that the ICAC decisions against them were invalid for reasons of denial of procedural fairness and inadequacy of reasons.

In respect of the corporate plaintiffs, the Court held that the ICAC report containing recommendations against the plaintiffs did not amount to a decision that could be the subject of judicial review. The Court further held that, even if there were a basis for granting declaratory relief, there would be no utility in doing so.

Accordingly, Mr Kinghorn's application for declaratory relief was granted, and those of the rest of the plaintiffs dismissed.

Each of the plaintiffs has appealed to the Court of Appeal, and ICAC has appealed against the judgment in favour of Kinghorn. The appeals are currently on hold, pending the High Court's consideration of validating legislation.

CMB v Attorney General for New South Wales [2015] HCA 9

The Crown Solicitor acted for the Attorney General in this appeal to the High Court by CMB against sentences imposed following a successful appeal by the Attorney to the Court of Criminal Appeal ('the CCA') pursuant to s. 5D of the *Criminal Appeal Act 1912*. The appeal to the CCA was the first undertaken by the Attorney in circumstances where the Director of Public Prosecutions had declined to appeal against a sentence.

The proceedings attracted significant media attention as a result of public concern that the sentences imposed upon CMB (good behaviour bonds) were unduly lenient having regard to the objective seriousness of the offences (sexual and indecent assault of CMB's daughter). The offences were disclosed by CMB when being assessed for suitability for participation in the pre-trial diversionary program in relation to related offences and would not have otherwise come to light.

Following the Attorney's successful appeal to the CCA, the sentences imposed at first instance were set aside and a term of imprisonment of five years and six months, with a non-parole period of three years, was imposed. The CCA held that, having regard to the objective seriousness of the offences, a full-time custodial sentence was warranted.

In a judgment delivered on 11 March 2015, the High Court unanimously held that, in a Crown appeal against sentence, the Crown bears the onus of both demonstrating that the sentencing court erred in law and negating any reason as to why the Court should exercise its residual discretion not to intervene in a sentence notwithstanding a finding of error. The Court unanimously concluded that the CCA erred by imposing on CMB the

onus of persuading the Court to exercise the residual discretion in his favour, and that it could not be said that this error was immaterial.

The High Court also held that the CCA erred by failing to take into account the element of leniency to which CMB was entitled for having assisted authorities when assessing whether the sentence passed by the Court below was manifestly inadequate.

***Minister of Corrections v Cawthray & Ors* [2015] NSWSC 1188**

The Crown Solicitor acted for the Minister of Corrections in an urgent application to the Supreme Court of NSW seeking judicial review in respect of the decision of the State Parole Authority ('the Authority') to grant parole to Hilton Cawthray.

The Court found that the Authority fell into jurisdictional error by failing to take into account the relevant considerations which it is required to have regard to pursuant to s. 135(2) of the *Crimes (Administration of Sentences) Act 1999*, namely:

- the need to maintain public confidence in the administration of justice
- the nature and circumstances of the offence to which the offender's sentence relates
- the likely effect on any victim of the offender, or on any such victim's family, of the offender being released on parole.

In its decision, the Court emphasised the obligation of a decision-maker to properly consider mandatory relevant matters and engage in an 'active intellectual process', in which each relevant matter received his or her 'genuine consideration'. The Court found that the one and half page transcript of reasons provided by the Authority fell short of the standard of consideration required. The decision of the Authority to grant parole was quashed and the matter remitted to the Authority for determination according to law.

The decision provides clear guidance to the Authority as to what will constitute adequate reasons for the grant or refusal of parole.

***Re Felicity; FM v Secretary, Department of Family and Community Services (No 4)* [2015] NSWCA 19 — cost order made against legal practitioner**

The Crown Solicitor acted for the Secretary, Department of Family and Community Services in this application to the Court of Appeal for a costs order against the solicitor for the applicant mother in the substantive Court of Appeal proceedings. The substantive proceedings, which were dismissed with costs against the applicant mother, were a judicial review application under s. 69 of the *Supreme Court Act* claiming that the District Court below had made errors of law in dismissing the mother's appeal of Children's Court orders made in relation to her daughter 'Felicity' (not her real name), then aged 11 years old (see *Re Felicity; FM v Secretary, Department of Family and Community Services (No 3)* [2014] NSWCA 226). Felicity's father has held parental responsibility for Felicity to the exclusion of her mother under orders of the Children's Court and District Court since 2007. The costs application against the solicitor was successful.

In making the costs order, the Court of Appeal found that costs had been incurred in the proceedings as a result of the serious incompetence of the applicant's solicitor.

The decision provides a helpful reminder to all legal practitioners of their obligations under s. 56 of the *Civil Procedure Act 2005* — that is, the overriding purpose to facilitate the just, quick and cheap resolution of the real issues in the proceedings and the obligations of solicitors, barristers and their clients in respect of that overriding purpose — and that any failure in that respect can be taken into account in terms of costs orders including making a costs order against a legal practitioner.

Secure accommodation matter - Re: Sadie [2015] NSWSC 140

The Crown Solicitor acted for the Secretary, Department of Family and Community Services and the Minister for Family and Community Services in this urgent ex parte application to the Supreme Court of NSW seeking orders under the Court's inherent *parens patriae* jurisdiction in relation to a 13 years old child under the parental responsibility of the Minister given the pseudonym 'Sadie'. The orders sought were exceptional amounting to a serious limitation of Sadie's personal liberty — seeking the detention and restraint of Sadie in a secure accommodation facility operated by Community Services.

In making the orders sought, McDougall J found that Sadie 'was at imminent risk of serious harm and there are no other less intrusive orders that would meet the exigencies of her case.'

In considering the application, McDougall J explained that the Court was required to balance two competing considerations — the one being the very serious limitation on the personal liberty and autonomy of the child should the orders be made — and the other being the risk that unless the orders are made it is extremely likely that the child will come to harm.

Sadie, aged 13, had been involved in many dangerous risk-taking and illegal behaviours. Sadie was also diagnosed with autism and was at serious risk of developing psychosis if she was not appropriately treated or medicated.

In his reasons, McDougall J found that the secure accommodation program operated by Community Services would provide appropriate medical, educational and other services, support and rehabilitation for Sadie and that there was no other therapeutic residential program in this State that could offer Sadie the 12 to 18 months of this sort of accommodation of which that she was in need. Justice McDougall was also satisfied on the evidence before him that the program 'gives a very real prospect that ... [Sadie] may, in due course, return into the community as a functioning near adult capable of making informed and appropriate decisions for herself.'

Fairbridge Farm School class action

A class action was commenced in the Supreme Court of NSW against the State, the Commonwealth of Australia and Fairbridge Foundation by persons claiming to have been

abused whilst they attended, when children, a privately owned and operated farm school at Molong known as Fairbridge Farm School. Fairbridge operated between 1937 and 1974 and received children who were either unaccompanied child migrants or assisted migrants from the United Kingdom, or were State wards or were placed there by their parents. The matter was a sensitive one attracting a high degree of public interest and media attention.

The two lead plaintiffs and members of the group each claimed damages for abuse they claim they suffered while at Fairbridge at the hands of different perpetrators over different times and places. The abuse alleged varied in kind and severity.

The proceedings were commenced in the Supreme Court and case-managed by a judge. The Court ruled in 2014 that the matter could proceed as a group action after considering the recently enacted provisions in Pt 10 of the *Civil Procedure Act 2005*.

The size of the group, as a result of court sanctioned publicity, eventually expanded to several hundred members. On the application of the parties, the matter was referred to mediation and settled in principle, following which the parties signed a Deed. The matter was then referred to the Court for directions to close the class, following which the Court approved the settlement on 21 August 2015 thus finalising the proceedings.

Bailey & Anor v Director General, Department of Natural Resources [formerly known as Department of Land and Water Conservation] & Ors [2014] NSWSC 1012

In 2003, a farmer (Mr Bruce Bailey) was prosecuted for clearing a large amount of native vegetation to build a dam on his property without development consent, contrary to s. 21(2)(a) of the *Native Vegetation Conservation Act 1997*. The prosecution was unsuccessful both at first instance and on appeal.

In 2006, Mr Bailey and his sister issued proceedings in the Supreme Court of NSW alleging malicious prosecution, negligent misrepresentation, misfeasance in public office and interference in trade or business of the plaintiffs. They claimed \$4-5 million in damages for being prevented from proceeding to build the dam. The defendants denied all allegations and alleged in defence that, even with approval to construct the dam, the plaintiffs had no legal right, licence, authority or approval under the *Water Act* to extract river water to fill it for irrigation purposes or to harvest the overflow of river water from the floodplain for the same purposes.

On 25 July 2014, Fullerton J found for the defendants on all claims but did not regard it as necessary to consider the argument on the defence of illegality with respect to the extracting of river water to fill the water storage unit, which was relied upon by the defendants in the event that any basis for liability was made out. On 5 September 2015, her Honour ordered that the plaintiffs pay the defendants' costs of the proceedings on an ordinary basis from 10 November 2006 to 13 May 2011 and ordered that they pay the defendants' costs of the proceedings on an indemnity basis on and after 14 May 2011.

The plaintiffs appealed her Honour's judgment and the Court of Appeal has reserved judgment.

Royal Commission into Institutional Responses to Allegations of Child Sexual Abuse ('Child Abuse Royal Commission')

The Child Abuse Royal Commission is investigating how institutions such as schools, churches, sports organisations, and community and government agencies have responded to allegations of child sexual abuse. In July 2013, the Crown Solicitor was engaged to represent the State of NSW before the Royal Commission. In 2014-2015, Special Counsel Ian Fraser led the CSO team that provided representation for the State's whole-of-Government response at numerous hearings before the Royal Commission, including hearings relating to the following groups:

- Swimming Australia
- Satyananda Yoga Ashram
- Knox Grammar School
- out-of-home-care
- health institutions.

The CSO will continue to represent the State at further hearings, and respond to summonses issued by the Royal Commission seeking documents and statements from various State agencies. The Royal Commission is due to deliver its final report by 15 December 2017.

Special Commission of Inquiry into the Greyhound Racing Industry in NSW ('Special Commission')

By Letters Patent issued on 6 May 2015 (replacing Letters Patent issued on 4 March 2015), Commissioner Michael McHugh AC QC was appointed to inquire into and report on the Greyhound Racing Industry in NSW. The Crown Solicitor is Solicitor Assisting the Commissioner. The inquiry is focussing on the following:

- identifying issues relating to the governance, integrity and animal welfare standards of the industry in NSW
- reviewing and evaluating legislation, policy and practices in NSW and best practices that are currently employed in NSW and other jurisdictions in relation to governance of the industry and contemporary standards relating to the welfare of animals
- identifying contemporary best practice for adoption by the industry
- developing an improved model of governance of the industry
- evaluating whether the issues identified during the course of the inquiry are able to be appropriately addressed, to permit the continuation of a greyhound racing industry in NSW that is sustainable and provides an ongoing economic and social contribution to the State.

The CSO team assisting the Commissioner is involved in preparation for and the conduct of hearings, review of submissions, liaison with industry stakeholders, and analysis of material produced under summons.

Electoral matters

The Crown Solicitor acted for the Electoral Commissioner in the Court of Disputed Returns, where Mr Peter Jones challenged the election of the Honourable Mr Mark Pearson to the Legislative Council. The matter required considering the meaning of 'illegal practice' under the *Parliamentary Electorates and Elections Act 1912*.

Mr Jones ultimately sought leave to withdraw his petition, after the Commissioner had filed a motion seeking to dismiss it.

The Crown Solicitor also provided a significant number of advices to the Electoral Commission in the lead-up to the State election on 28 March 2015.

Agreements for administration of another jurisdiction's statutory scheme

Co-operative legislative schemes between jurisdictions are on the increase, as are the inter-jurisdictional agreements which they support. This year, the Crown Solicitor was engaged to prepare and assist with the negotiation of intergovernmental and operational agreements to enable the administration by a NSW agency of another jurisdiction's statutory scheme for provision of care and support to people with long-term injuries and disabilities.

The CSO was also able to provide assistance to ensure that the agreements were consistent with the legislation which supported and regulated the arrangements.

Summary of Other Client Services Provided

The CSO provides specialised introductory and advanced training sessions for clients on the *GIPA Act* and the *PPIP Act* with 193 participants during this financial year.

In 2014/15, monthly CLE seminars attracted 815 attendees and webinars were offered for the benefit of 323 clients, many from regional areas.

A summary of these services and other value added services provided to clients follows:

Value-add service type	Number between 1 July 2014 – 30 June 2015	Numbers of clients attending/receiving
Client reports	All CSO clients receive a client report detailing information about the status of their matters including costs.	150-200 individual clients receive reports monthly.
Monthly CSO seminars and webinars	Eight seminars and webinars were held for clients during the period.	815 – seminars 323 – webinars TOTAL: 1,138 clients
CSO specialised Training – GIPPA and PPIPA	Fifteen <i>GIPA/PPIP Act</i> on-site training programs were held for clients. Three off-site programs were conducted during the period.	<i>GIPA Act</i> : 122 clients <i>PPIP Act</i> : 71 clients TOTAL: 193 clients
Specialised legal e-bulletins	Nine specialised legal e-bulletins were distributed to clients during the period.	TOTAL: 4,751 clients
Additional off-site training	CSO staff conducted 24 training sessions for client groups and spoke at four conferences during the period.	TOTAL: 687 attendees at training sessions
Crown Solicitor's Client Newsletter	Three Client Newsletters from the Crown Solicitor were distributed to clients during the period.	CSO Client Newsletters are distributed to a data base of some 3,000 clients.

Summary of significant business support projects and activities

During the year, a number of business support initiatives were completed or significantly progressed.

The CSO completed the first stage of its project to procure a new Practice Management System targeted to better support the business in meeting its clients' customised needs and to improve efficiency through integration with our other key systems. An Expression of Interest process was completed in June 2015 with a resulting shortlist of vendors eligible to be invited to tender. The project has been delayed in proceeding to tender to align with the implementation of the new email system being rolled out by Department of Justice.

Work was completed during the year to convert existing position descriptions to capability based role descriptions and to develop capability assessment tools to support new recruitment processes under the *GSE Act*. Work also commenced to review and develop new policies and procedures aligned with the *GSE Act*. Further work will continue in 2015/16 in this area.

CSO reviewed its graduate solicitor and entry level solicitor programs in preparation for recruitment in early 2015-16. The programs are now both two year programs comprising six monthly rotations through four practice teams. The revised programs include improved processes around development management and feedback and are aligned with the capability framework.

A new CSO Internet site was launched in June 2015. The new website is user friendly and is compliant with Web Content Accessibility Guidelines (WCAG) 2.0.

In November 2014, the CSO achieved Bronze membership status in the NSW Department of Environment and Heritage's Sustainability Advantage Program.

Management and activities

Following on from the creation of the CSO as an Executive Agency in February 2014, arrangements were put in place with NSW Treasury during the 2014-15 year to include the management of CSO under the Commercial Policy Framework. This includes the application of the Financial Distribution Policy and the Reporting and Monitoring Policy.

Under this framework, CSO pays a financial distribution each year to Treasury from its surplus. The retained component of the surplus is utilised to invest in the business.

The CSO made a net surplus of \$2.285 million this year, \$0.304 million more than the budget of \$1.981 million. From this surplus, CSO will pay a financial distribution to NSW Treasury of \$1.387 million.

Quantitative Measures

Measure	2014/15 Actual	2014/15 Budget	2013/14 Actual
Net Surplus	\$2.285M	\$1.981M	\$1.310M*
New Matters	3,579	N/A	3,518
Growth in revenue from untied legal fees and other services	7.6%	6.2%	4.3%
% of clients rating CSO's overall performance as "very good" or "excellent"	75%	80%	79%

* Period 24 February 2014 to 30 June 2014 only

The 2014/15 client survey results incorporated benchmark questions to assess our performance relative to our competitors. The results for 2014/15 were very pleasing and reflected the importance we place on client service. 87% of clients rated our level of service as higher than or equal to other firms that they use and 90% rated our management of matters as higher than or equal to other firms that they use.

Human resources

Number of officers and employees by category

The following table contains human resources information for the CSO for 2014/15. All information provided is an estimate compiled from the Annual Workforce Profile.

Occupation Classification (ANZSCO)	2011/12*	2012/13*	2013/14**	2014/15
Managers	N/A	N/A	5.00	2.00
Professionals	N/A	N/A	187.44	182.57
Technicians and Trades Workers	N/A	N/A	2.00	3.00
Community and Personal Services Workers	N/A	N/A	0.00	0.00
Clerical and Administrative Workers	N/A	N/A	150.44	135.05
Sales Workers	N/A	N/A	0.00	0.00
Machinery Operators and Drivers	N/A	N/A	0.00	0.00
Labourers	N/A	N/A	0.00	0.00

* Non-casual FTE at census period based on information derived from workforce profile submission to PSC.

** Information only available from 2013/14 onwards as the Crown Solicitor's Office prior to 24th February 2014 formed part of the Department of Justice.

Senior executives

Number of senior executives by band and gender

Band	2013/14		2014/15	
	Female	Male	Female	Male
Band 4 (Secretary)	0	0	0	0
Band 3 (Crown Solicitor)	0	1	0	1
Band 2 (Executive Director)	1	1	1	1
Band 1 (Director)	11	7	11	5
Totals	12	9	12	7
	21		19	

The average total remuneration package for senior executives

Band	Range \$	Average remuneration 2013/14 \$	Average remuneration 2014/15 \$
Band 4 (Secretary)	422,501 – 488,100	0	0
Band 3 (Deputy Secretary)	299,751 – 422,500	336,850	336,247
Band 2 (Executive Director)	238,301 – 299,750	261,300	213,751
Band 1 (Director)	167,100 – 238,300	184,748	189,383

The percentage of total employee-related expenditure that relates to senior executives

11.93% of the CSO's employee related expenditure in 2013/14 was related to senior executives (both senior officers and senior executive service) compared to 11.72% for the previous year.

The CSO had not yet implemented the senior executive structure during the reporting year. The above table presents the number of transitional senior executives and acting senior executives employed at the end of the year and remuneration levels equivalent to the senior executive bands as per instructions in Public Service Commission Circular PSSC 2014-09.

Exceptional movements in wages, salaries or allowances

In 2014–15, there were no exceptional employee salary movements. Employees of the CSO are covered by the Crown Employees (Public Sector – Salaries 2008) Award. The Award provided for a 2.27 per cent salary increase from the first full pay period on or after 1 July 2014, for the following classifications:

- clerks
- legal officers
- senior officers

Industrial relations policies and practices

In 2014-15, there were no new industrial relations policies or practices implemented at the CSO. CSO has provided ongoing consultation and communication to staff and their industrial representatives in regards to the GSE reforms being implemented at the CSO and across the Public Sector.

Personnel Policies and Practices

During 2014/15, CSO consulted on and implemented new policies in respect of Graduate and Solicitor Grade I-III rotation programs and Temporary Assignments.

Work health and safety

The CSO continues to build on its workplace health and safety promotion initiatives, including the MindInSight Program. Through this program we provide:

- education and training to staff on various mental health issues
- facilitated support for managers in managing emerging health issues
- weekly health and well-being activities and services for staff.

Health and well-being

The CSO's investment in health promotion initiatives and early intervention strategies aims to promote working safely, maintaining a healthy lifestyle and increased awareness of mental health. These initiatives include:

- on-site/off-site counselling
- one-on-one ergonomic assessments
- CSO Health and Well Being Challenge
- education, newsletters, healthy eating/exercise guidelines
- short courses focusing on:
 - resilience
 - coaching and mentoring for managers
 - stress management
 - managing psychological injury for managers.

Work health and safety statistics

There were 65 incidents reported during the year. A significant increase from previous years, the result is consistent with the work that has been done to establish a reporting culture within CSO. This has been achieved through consultation with managers, the CSO Safety Committee and educating the first aid officers to promote the reporting of injuries. The reports can be broken down into the following categories:

- workplace injuries (45)
- hazards (9)
- near miss incidences (3)
- illness (7)
- security (1).

The two highly represented hazards in this reporting period relate to slips, trips and falls and body stressing incidences.

There were nine injury notifications made to the Workers Compensation Insurer (QBE) and of these notifications four claims were accepted for medical expenses only. There were no lost time injuries.

Risk management

The CSO introduced a local approach to managing risk in the area of workplace ergonomics to address issues such as:

- sedentary work behaviours
- managing non-work related musculo-skeletal injuries and health ailments
- workplace ergonomic hazards
- reported workplace injuries.

This involved piloting and implementing one-on-one employee office/workstation consultation and risk assessment processes. Through this approach the CSO effectively managed 40 cases and saved approximately \$14,000 in ergonomic assessments.

An external provider was engaged in some cases due to the complexity of the workplace issues/injuries.

A periodic staff awareness work health and safety email addresses a variety of health initiatives and safety alerts.

11. Financial statements

Crown Solicitor's Office

Annual Financial Statements

for the year ended 30 June 2015

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Crown Solicitor's Office

Financial Statements for the year ended 30 June 2015

Statement by the Crown Solicitor

Pursuant to Section 45F of the Public Finance and Audit Act 1983, I state that:

- a) The accompanying financial statements have been prepared in accordance with applicable Australian Accounting Standards, the provisions of the Public Finance and Audit Act 1983, the Financial reporting Code for NSW General Government Sector Entities, the Public Finance and Audit Regulation 2015, the Treasurer's Directions and NSW Treasury Circulars.
- b) The financial statements exhibit a true and fair view of the financial position and transactions of the Crown Solicitor's Office for the year ended 30th June 2015.
- c) As at the date of this statement, I am not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



John McDonnell
A/Crown Solicitor
21 September 2015

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

Crown Solicitor's Office

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Crown Solicitor's Office (the Office), which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, 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 2015, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Crown Solicitor's Responsibility for the Financial Statements

The Crown Solicitor is responsible for preparing 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 Crown Solicitor determines is necessary to enable the preparation of financial statements that give a true and fair view and 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 an 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 entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- 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 that 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 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.



David Daniels
Director, Financial Audit Services

22 September 2015
SYDNEY

Statement of Comprehensive Income

	Notes	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014* \$'000 Restated**
Expenses excluding losses				
Operating expenses				
Employee related expenses	2(a)	36,314	38,866	13,566
Other operating expenses	2(b)	9,473	10,136	3,322
Depreciation and amortisation	2(c)	1,087	1,420	538
Finance costs	2(d)	79	-	73
Other expenses		-	25,412	-
Total expenses excluding losses		46,953	75,834	17,499
Revenue				
Sale of goods and services	3(a)	48,268	77,410	18,572
Investment revenue	3(b)	493	351	163
Other revenue	3(c)	478	54	74
Total revenue		49,239	77,815	18,809
Gain/(Loss) on disposal	4	(1)	-	-
Net result		2,285	1,981	1,310
Other comprehensive income				
<i>Items that will not be reclassified subsequently to net result</i>				
Superannuation actuarial gains/(losses)	21	(1,019)	-	(3,982)
Total other comprehensive income		(1,019)	-	(3,982)
Total comprehensive income		1,266	1,981	(2,672)

The accompanying notes form part of these financial statements.

*24 February 2014 to 30 June 2014, refer note 1(m).

**Refer Note 1(m).

Statement of Financial Position

	Notes	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000
Assets				
Current assets				
Cash and cash equivalents	7	21,158	13,991	20,719
Receivables	8	8,864	16,984	9,469
Other financial assets	9	7,803	-	7,279
Other	12	5,114	5,900	5,559
Total current assets		42,939	36,875	43,026
Non-current assets				
Property, plant and equipment	10			
- plant and equipment		538	633	548
- leasehold improvements		937	873	1,274
Total property, plant and equipment		1,475	1,506	1,822
Intangibles	11	519	5,385	1,009
Other	12	3,954	4,073	3,067
Total non-current assets		5,948	10,964	5,898
Total assets		48,887	47,839	48,924
Liabilities				
Current liabilities				
Payables	13	4,301	4,385	7,417
Provisions	14	10,399	9,670	9,480
Total current liabilities		14,700	14,055	16,897
Non-current liabilities				
Provisions	14	19,572	6,624	17,291
Total non-current liabilities		19,572	6,624	17,291
Total liabilities		34,272	20,679	34,188
Net assets		14,615	27,160	14,736
Equity				
Accumulated funds		14,615	27,160	14,736
Total equity		14,615	27,160	14,736

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

	Notes	Accumulated funds \$'000
Balance at 1 July 2014		14,736
Net result for the year		2,285
Other comprehensive income:		
Superannuation actuarial gain/(loss)		(1,019)
Total other comprehensive income		(1,019)
Total comprehensive income for the year		1,266
Transactions with owners in their capacity as owners		
Distribution payable to NSW Treasury	5	(1,387)
Balance at 30 June 2015		14,615

		Accumulated funds \$'000
Balance at 24 February 2014		-
Net result for the period		1,310
Other comprehensive income:		
Superannuation actuarial gain/(loss)		(3,982)
Total other comprehensive income		(3,982)
Total comprehensive income for the period		(2,672)
Transactions with owners in their capacity as owners		
Increase in net assets from administrative restructure	1(k)	17,408
Balance at 30 June 2014		14,736

The accompanying notes form part of these financial statements.

Statement of Cash Flows

		Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014* \$'000
	Notes			
Cash flows from operating activities				
Payments				
Employee related		(35,963)	(38,832)	(8,585)
Other		(13,112)	(35,778)	(10,129)
Total payments		(49,075)	(74,610)	(18,714)
Receipts				
Legal Fees from clients		48,423	77,395	11,424
Interest received		392	354	106
Other		950	44	12,282
Total receipts		49,765	77,793	23,812
Net cash flows from operating activities	18	690	3,183	5,098
Cash flows from investing activities				
Purchases of property, plant and equipment		(251)	(455)	(18)
Purchases of intangible assets		-	(5,110)	-
Net cash flows from investing activities		(251)	(5,565)	(18)
Net increase / (decrease) in cash		439	(2,382)	5,080
Opening cash and cash equivalents		20,719	16,373	-
Cash transferred in as a result of administrative restructuring	1(k)	-	-	15,639
Closing cash and cash equivalents	7	21,158	13,991	20,719

The accompanying notes form part of these financial statements.

*24 February 2014 to 30 June 2014, refer note 1(m).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

The Crown Solicitor's Office (CSO) is a NSW government entity. Although the CSO is managed under the Commercial Policy Framework (effective from 1 July 2014) and is required to deliver a surplus from non-tied work for which it competes with the private sector, the majority of the CSO's revenue is from tied legal work delivered on a cost recovery basis only. Accordingly, the CSO is classified as a not-for-profit entity (as profit is not its principal objective). The CSO has no cash generating units. The CSO's financial report is consolidated as part of the NSW Total State Sector Accounts.

The CSO as a reporting entity has no controlling or controlled entities.

These financial statements for the year ended 30 June 2015 have been authorised for issue by the Crown Solicitor, after recommendation by the Audit and Risk Committee on 18 September 2015.

(b) Basis of preparation

The 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* and *Public Finance and Audit Regulation 2015*; and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Property, plant and equipment are measured at fair value. Other financial statements items are prepared in accordance with the historical cost convention except where specified otherwise.

Judgements, key assumptions and estimations that 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 with the exception of the detailed actuarial reports on superannuation provided by Pillar Administration which are reported in single Australian dollars (refer note 21).

(c) Statement of Compliance

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

(d) Insurance

The CSO's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past claim experience.

(e) 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 entity 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(e) Accounting for the Goods and Services Tax (GST) (cont.)

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

(f) Income recognition

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

(i) Rendering of services

Revenue from the provision of legal services is recognised when time is recorded on matters, as the amounts of revenue can be reliably measured and it is probable that economic benefits will flow to the CSO.

The CSO pays disbursements on behalf of clients, while providing legal services. No economic benefits flow to the CSO as the amounts are reimbursed at cost. As a result, legal disbursements are not recognised in the CSO's Statement of Comprehensive Income. This is a change from the treatment in the prior year and the comparatives have been restated (refer note 1(m)).

(ii) Investment revenue

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

(iii) Other revenue

Other revenue comprises monies received from outside entities not categorised in the revenue headings mentioned above. The revenue is recognised when the fee in respect of services provided is receivable.

(g) Assets

(i) Acquisition 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.

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(g) Assets (cont.)

(ii) Capitalisation thresholds

Property, plant and equipment and intangible assets costing \$10,000 and above individually (or forming part of a network costing more than \$10,000) 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* and *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.

Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value. The CSO has assessed that any difference between fair value and depreciated historical cost is unlikely to be material. All of the CSO's property, plant and equipment at 30th June 2015 are non-specialised assets with short useful lives.

(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, or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that *AASB136* 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(g) Assets (cont.)

(v) Depreciation of property, plant and equipment

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 entity.

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

The depreciation/amortisation rates used for each class of assets are as follows:

	% Rate
Plant & Equipment	
Make good assets	Over the term of operating lease
Computer equipment, voice and data communications and laptops acquired prior to 30 th June 2012	25
Computer equipment, voice and data communications and laptops acquired after 1 July 2012	20
Desktop PCs	20
Furniture and fittings	10
Other plant and equipment	20
Leasehold improvements	Over the term of operating lease
Intangible assets	
Software acquired before 30 June 2012	25
Software acquired after 1 July 2012	20
Software – major projects	10% or over the useful life of the asset where that is assessed at less than 10 years

(vi) 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.

(vii) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(g) Assets (cont.)

(viii) Leased assets

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

Operating lease payments are recognised as an expense in the periods in which they are incurred.

There are no finance lease arrangements.

(ix) Intangible assets

Intangible assets are recognised only if it is probable that future economic benefits will flow to the entity 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 entity's intangible assets, the assets are carried at cost less any accumulated amortisation.

The CSO's intangible assets are amortised using the straight-line method over a period ranging from four to ten years.

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

(x) 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.

(xi) Other financial assets

Work in progress (WIP) represents staff time measured at the rate directly chargeable to the client and which remains unbilled as at balance date.

WIP is assessed for impairment annually and is not carried at an amount in excess of its recoverable amount.

Recoverable disbursements are legal disbursements incurred on behalf of clients that will be reimbursed at cost by clients and which remain unbilled as at balance date.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(g) Assets (cont.)

(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.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. 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) Derecognition 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 entity transfers the financial asset:

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

Where the entity has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the entity'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) Trust Funds

The Crown Solicitor operates a Trust Account in accordance with the Legal Profession Act 2004 (replaced by the Legal Profession Uniform Law (NSW) No 16a effective from 1 July 2015). As the monies cannot be used for the achievement of the CSO's own objectives, these funds are not recognised in the financial statements.

(h) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to the entity 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(h) Liabilities (cont.)

(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 CSO has assessed the actuarial advice based on the entity's circumstances and determined that the effect of discounting is immaterial to annual leave.

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 CSO contributes to the Agency Funded Crown LSL Pool and these payments are included in Employee Related Expenses. The amount of payments expected to be made to the employees is recognised as LSL liabilities and the amounts expected to be reimbursed by the Crown Finance entity as assets.

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 NSWTC15/09) 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 defined benefit superannuation liability is not assumed by the Crown and the CSO recognises the net defined benefit liability (asset) in the financial statements.

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.

Actuarial gains and losses are recognised immediately in other comprehensive income in the year in which they occur.

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(h) Liabilities (cont.)

(iii) Other provisions

Other provisions exist when there is 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.

A provision for the restoration costs of leasehold improvement assets is recognised. The provision is discounted at 2.04% which is the rate based on the market yield on Commonwealth government bonds as per TC11/17.

(i) Fair Value Hierarchy

A number of the CSO'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 CSO 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).

Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change has occurred.

Refer note 20 for further disclosures regarding fair value measurements of financial assets.

(j) Equity and reserves

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

(k) Equity transfers

On the 24th February 2014, net assets of \$17.408M were transferred to the CSO from the then Department of Police and Justice as a result of an administrative restructure. 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' are designated or required by 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 and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised 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 entity recognises the asset at the transferor's carrying amount. The intangible assets transferred to the CSO on the 24th February 2014 comprised software and have been recognised at the transferor's carrying amount.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(l) Budgeted amounts

Budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in note 17.

(m) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements. Comparative information provided for last financial year represents the period 24 February 2014 to 30 June 2014, recognising that the CSO commenced as a reporting entity on 24 February 2014. 2014 and 2015 amounts are therefore not comparable as the lengths of the reporting periods differ.

The comparative information for the period 24 February 2014 to 30 June 2014 has been restated for the items Revenue from Sale of Goods and Services and Other Operating Expenses to reflect the reclassification of the legal disbursements amount incurred on behalf of clients. The reclassification is considered immaterial to the financial statements.

The comparative information for the period 24 February 2014 to 30 June 2014 has also been restated for the reclassification of unbilled Work in Progress and recoverable disbursements from Receivables to Other Financial Assets, the effect of which is also considered immaterial to the financial statements.

(n) Distribution Payable to NSW Treasury

It is NSW Treasury Policy that Government businesses are to recognise dividends or financial distributions in the year to which they relate, even though payment may not occur until the following year. The CSO provides for the financial distributions on the basis of a payout ratio of 70% of the CSO's distributable operating surplus. This is the net operating surplus before adjustment for Defined Benefits superannuation liability. The Treasurer approves the distribution to be paid based on consideration of the Crown Solicitor's recommended dividend prior to 30 June.

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

(i) Effective for the first time in 2014-15

The accounting policies applied in 2014-15 are consistent with those of the previous financial year, other than for the accounting for legal disbursements amounts incurred on behalf of clients (refer note 1(m)).

(ii) Issued but not yet effective

The following relevant Accounting Standards have not been applied and are not yet effective, as per NSW Treasury Circular TC 15/03:

- AASB 9, AASB 2010-7, AASB 2013-9 (Part C), AASB 2014-1 (Part E), AASB 2014-7 and AASB 2014-8 regarding financial instruments
- AASB 14 and AASB 2014-1 (Part D) regarding Regulatory Deferral Accounts
- AASB 15 and AASB 2014-5 regarding Revenue from Contracts with Customers
- AASB 1056 Superannuation Entities
- AASB 2014-3 regarding accounting for acquisitions of interests in joint operations
- AASB 2014-4 regarding acceptable methods of depreciation and amortisation
- AASB 2014-6 regarding bearer plants

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(o) Changes in accounting policy, including new or revised Australian Accounting Standards (cont.)

(ii) Issued but not yet effective (cont.)

- AASB 2014-9 regarding equity method in separate financial statements
- AASB 2014-10 regarding sale or contribution of assets between an investor and its associate or joint venture
- AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle
- AASB 2015-2 regarding amendments to AASB 101 disclosure initiatives
- AASB 2015-3 regarding materiality

The impact of the new standards and interpretations on issue but not effective has been assessed and the impact is considered to be insignificant.

2. EXPENSES EXCLUDING LOSSES

(a) Employee related expenses

	2015	2014
	\$'000	\$'000
Salaries and wages (including recreation leave)	30,327	11,074
Superannuation - defined benefit plans	838	300
Superannuation - defined contribution plans	2,485	823
Long service leave	625	489
Workers' compensation insurance	180	106
Payroll tax and fringe benefit tax	1,859	701
Redundancy payments	-	73
	36,314	13,566

(b) Other operating expenses

Auditor's remuneration - audit of the financial statements		
- audit of the financial statements	56	38
- audit of the Trust Account	7	7
Operating Lease Rental Expense – minimum lease payments	3,965	1,372
Consultants	105	-
Contractors	783	78
Fees for services rendered	1,448	753
Insurance	68	5
Repairs and routine maintenance*	564	272
Other operating expenses	2,477	797
	9,473	3,322

** Reconciliation - Total maintenance*

Maintenance expense - contracted labour and other (non-employee related) as above	564	272
Employee related maintenance expense included in Note 2(a)	-	-
Total maintenance expenses included in Note 2(a) and Note 2(b)	564	272

(c) Depreciation and amortisation expense

Depreciation:

Plant and equipment	260	144
Leasehold Improvements	337	144
Total depreciation	597	288

Amortisation:

Intangibles	490	250
Total amortisation	490	250
Total depreciation and amortisation	1,087	538

2. EXPENSES EXCLUDING LOSSES (cont.)

(d) Finance costs

	2015 \$'000	2014 \$'000
Unwinding of discount rate for the make-good of premises	79	73
	79	73

3. REVENUE

(a) Sale of goods and services

	2015 \$'000	2014 \$'000
Rendering of services – legal fees	48,268	18,572
	48,268	18,572

(b) Investment revenue

Interest revenue	493	163
	493	163

(c) Other revenue

Other services provided	474	69
SES motor vehicle contributions	4	5
	478	74

4. GAIN/(LOSS) ON DISPOSAL

	2015 \$'000	2014 \$'000
Plant and Equipment	(1)	-
	(1)	-

5. DISTRIBUTION TO NSW TREASURY

As a government business operating under the Commercial Policy Framework effective from 1 July 2014, the CSO is required to make a financial distribution to owners of 70% of the distributable operating surplus. This is the net operating surplus before adjustment for Defined Benefits Superannuation liability. The operating surplus is generated from legal work for which the CSO competes against the private sector. This distribution is in accordance with TPP14-04 *Financial Distributions Policy for Government Businesses*. The amount due is recognised in the year to which it relates, even though payment is made in the following year. A provision for a distribution payment of \$1,387,000 has been recognised this year in accordance with the Treasurer's approval.

6. SERVICE GROUPS OF THE ENTITY

The CSO operates as a single service group. This service group covers the provision of tied and untied legal services to the Government. The Crown Solicitor must be engaged by government agencies to perform tied legal services described in Premier's Memorandum 1995-39. The Crown Solicitor's Office also competes with the private legal profession for untied legal work.

7. CASH AND CASH EQUIVALENTS

	2015 \$'000	2014 \$'000
Cash at bank and on hand	21,158	20,719
	21,158	20,719

For the purposes of the Statements of cash flows, cash and cash equivalents include cash at bank and cash on hand.

Cash and cash equivalent assets are the same in both the Statement of Financial Position and Statement of Cash Flows.

Refer Note 20 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

8. RECEIVABLES

	2015 \$'000	2014 \$'000
Current receivables		
Sale of goods and services	8,125	8,888
Less: Allowance for Impairment	-	(84)
Prepayments	552	557
Interest receivable	158	57
GST Receivable from the Commonwealth	29	51
	8,864	9,469

Movements in the allowance for impairment

Balance at 1 July 2014	(84)	(84)
Amounts written off during the year	84	-
Increase/(decrease) in allowance recognised in profit or loss	-	-
Balance at 30 June 2015	-	(84)

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 20.

9. OTHER FINANCIAL ASSETS

	2015 \$'000	2014 \$'000
Work in Progress	6,881	6,613
Recoverable Disbursements	922	666
	7,803	7,279

10. PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment \$'000	Leasehold Improvements \$'000	Total \$'000
At 1 July 2014 - fair value			
Gross carrying amount	649	1,418	2,067
Accumulated depreciation and impairment	(101)	(144)	(245)
Net carrying amount	548	1,274	1,822

	Plant and equipment \$'000	Leasehold Improvements \$'000	Total \$'000
At 30 June 2015- fair value			
Gross carrying amount	898	1,418	2,316
Accumulated depreciation and impairment	(360)	(481)	(841)
Net carrying amount	538	937	1,475

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	Leasehold Improvements \$'000	Total \$'000
Year ended 30 June 2015			
Net carrying amount at start of year	548	1,274	1,822
Additions	251	-	251
Disposals	(1)	-	(1)
Depreciation expense	(260)	(337)	(597)
Net carrying amount at end of year	538	937	1,475

	Plant and equipment \$'000	Leasehold Improvements \$'000	Total \$'000
At 24 February 2014 - fair value			
Gross carrying amount	-	-	-
Accumulated depreciation and impairment	-	-	-
Net carrying amount	-	-	-

10. PROPERTY, PLANT AND EQUIPMENT (cont.)

	Plant and equipment \$'000	Leasehold Improvements \$'000	Total \$'000
At 30 June 2014- fair value			
Gross carrying amount	649	1,418	2,067
Accumulated depreciation and impairment	(101)	(144)	(245)
Net carrying amount	548	1,274	1,822

Reconciliation

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

	Plant and equipment \$'000	Leasehold Improvements \$'000	Total \$'000
Year ended 30 June 2014			
Net carrying amount at 24 th February 2014	-	-	-
Additions	18	-	18
Acquisitions through administrative restructures	674	1,418	2,092
Depreciation expense	(144)	(144)	(288)
Net carrying amount at end of the period	548	1,274	1,822

11. INTANGIBLE ASSETS

	Software \$'000	Total \$'000
At 1 July 2014		
Cost (gross carrying amount)	1,259	1,259
Accumulated amortisation and impairment	(250)	(250)
Net carrying amount	1,009	1,009

At 30 June 2015

Cost (gross carrying amount)	1,259	1,259
Accumulated amortisation and impairment	(740)	(740)
Net carrying amount	519	519

Reconciliation

A reconciliation of the carrying amount of each class of intangible assets at the beginning and end of the current reporting period is set out below:

	Software \$'000	Total \$'000
Year ended 30 June 2015		
Net carrying amount at start of year	1,009	1,009
Amortisation (recognised in "depreciation and amortisation")	(490)	(490)
Net carrying amount at end of year	519	519

11. INTANGIBLE ASSETS (cont.)

	Software \$'000	Total \$'000
At 24 February 2014		
Cost (gross carrying amount)	-	-
Accumulated amortisation and impairment	-	-
Net carrying amount	-	-
	Software \$'000	Total \$'000
At 30 June 2014		
Cost (gross carrying amount)	1,259	1,259
Accumulated amortisation and impairment	(250)	(250)
Net carrying amount	1,009	1,009

Reconciliation

A reconciliation of the carrying amount of each class of intangible assets at the beginning and end of the prior reporting period is set out below:

	Software \$'000	Total \$'000
Year ended 30 June 2014		
Net carrying amount at 24 February 2014	-	-
Additions through administrative restructures	1,259	1,259
Amortisation (recognised in "depreciation and amortisation")	(250)	(250)
Net carrying amount at the end of the period	1,009	1,009

12. CURRENT/NON-CURRENT ASSETS – OTHER

	2015 \$'000	2014 \$'000
Crown Acceptance of long service leave liability - current	5,114	5,559
Crown Acceptance of long service leave liability – non-current	445	293
Defined Benefits superannuation – Prepaid contributions – non-current	3,509	2,774
	9,068	8,626

13. PAYABLES

	2015 \$'000	2014 \$'000
Accrued salaries, wages and on-costs	976	898
Creditors	2,886	6,301
Accruals	439	218
	4,301	7,417

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in note 20.

14. CURRENT/NON-CURRENT PROVISIONS

	2015 \$'000	2014 \$'000
Current		
Employee benefits and related on-costs		
Annual leave	2,534	2,657
Long service leave	5,114	5,559
Related Oncost	1,364	1,264
	9,012	9,480
Other provisions		
Distribution to NSW Treasury	1,387	-
	1,387	-
Total current provisions	10,399	9,480
Non Current		
Employee benefits and related on-costs		
Long Service Leave	445	293
Long Service Leave - Related Oncost	70	46
Superannuation (Note 21)	17,153	15,127
	17,668	15,466
Other provisions		
Make good	1,904	1,825
	1,904	1,825
Total non-current provisions	19,572	17,291
	2015 \$'000	2014 \$'000
Aggregate employee benefits and related on-costs		
Provisions - current	9,012	9,480
Provisions - non-current	17,668	15,466
Accrued salaries, wages and on-costs (note 13)	976	898
	27,656	25,844

a) Annual Leave

The liability at 30 June 2015 was \$2,534,000 (2014: \$2,657,000). This is based on leave entitlements at 30th June using remuneration rates to be payable post 30 June.

Of this liability, the value expected to be taken within 12 months is \$2,220,000(2014: \$2,330,000) and \$314,000 (2014: \$327,000) after 12 months. This calculation is based on the current levels of annual leave taken by staff and the minimum required to be taken to achieve the target of 30 days by June 2015.

14. CURRENT/NON-CURRENT PROVISIONS (cont.)

b) Long Service Leave

The total liability at 30th June 2015 was \$5,559,000 (2014: \$5,852,000) which is shown as current \$5,114,000 (2014: \$5,559,000) and non-current \$445,000 (2014: \$293,000). This liability comprises:

	2015	2014
	\$'000	\$'000
Short term – expected to be settled within 12 months	723	790
Long term – not expected to be settled within 12 months	4,836	5,062
	5,559	5,852

The CSO contributed \$687,000 (2014:\$239,000) to the Crown Finance Entity pool account during this financial year. Reimbursements from the Crown Finance Entity because of payments to staff or transfers of entitlement to other agencies were \$1,415,000 (2014:\$269,000).

c) Make good

Make good provision represents estimated restoration costs that the CSO is obliged to incur to restore premises to an acceptable condition as agreed with the owners of the premises, upon expiry of operating lease arrangements.

d) Distribution Payable to Treasury

A provision for financial distribution to NSW Treasury of \$1,387,000 is made based on the Treasurer's approval dated 26 June 2015 of the Crown Solicitor's recommendation for the 2014-2015 financial year (refer note 5).

Movements in provisions (other than employee benefits)

	Distribution	
	Payments	Make good
2015	\$'000	\$'000
Carrying amount at the beginning of financial year	-	1,825
Additional provisions recognised	1,387	-
Amounts used	-	-
Unused amounts reversed	-	-
Unwinding/change in the discount rate	-	79
Net carrying amount at end of the year	1,387	1,904

15. COMMITMENTS FOR EXPENDITURE

(a) Capital Commitments

There were no capital commitments as at 30 June 2015 or 30 June 2014.

	2015 \$'000	2014 \$'000
(b) Operating Lease Commitments		
Future non-cancellable operating lease rentals not provided for and payable		
Not later than one year	4,783	4,724
Later than one year and not later than five years	10,248	14,169
Later than five years		-
Total (including GST)	15,031	18,893

These operating lease commitments relate to leases currently held in relation to the occupancy of office premises.

The total Operating Lease Commitments in respect of leased premises include input tax credits of \$1,366,000 (2014:\$1,717,000) that are expected to be recoverable from the Australian Taxation Office.

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The CSO has no contingent liabilities or contingent assets.

17. BUDGET REVIEW

Net result for the year

The net result of \$2,285,000 for the year was \$304,000 more than budgeted.

Revenue was \$28,576,000 less than budget. \$25,412,000 of this amount is the result of the reclassification of the reimbursement of legal disbursements incurred on behalf of clients (refer note 1(f)(i)). The remaining \$3,164,000 shortfall in revenue was the result of lower than budgeted demand for legal services during the year.

Employee related expenditure was maintained at \$2,552,000 less than budget to align with workload and revenue. The favourable variance was partially offset by additional contractor fees of \$530,000 reported in other operating expenses.

Other operating expenses were \$663,000 less than budget mainly due to reduction in shared service charges from the Department of Justice.

Depreciation and Amortisation were \$333,000 less than budget as a result of lower than budgeted capital expenditure.

17. BUDGET REVIEW (cont.)

Assets and liabilities

Total Assets were \$1,048,000 more than budget mainly due to the cash impact of the year's operational result. Non-current assets were \$5,016,000 less than budget while current assets were \$6,064,000 more than budget. This is a result of delay in acquiring a new Practice Management System.

Total liabilities were \$13,593,000 more than budget. At the time of 2014/15 budget submission, the impact of the actuarial defined benefits superannuation adjustments on the previous year was not available. The budget deficiency accounts for \$12,653,000 of the variance. The provision for financial distribution to Treasury of \$1,387,000 was unbudgeted as this was not resolved at the time of budget formulation.

Cash flows

The actual cash movement was \$2,821,000 favourable to budget. The variance arises primarily from less than budgeted capital expenditure.

18. RECONCILIATION OF OPERATING CASH FLOWS TO NET RESULT

	2015 \$'000	2014 \$'000
Net cash inflow from operating activities	690	5,098
Depreciation and amortisation	(1,087)	(538)
Allowance for Impairment	-	-
Net capital movements	2,406	5,615
Decrease/(increase) in provisions	(3,199)	(26,771)
Increase/(decrease) in prepayments and other assets	360	25,323
Decrease/(increase) in creditors	3,116	(7,417)
Net gain(loss) on disposal of plant and equipment	(1)	-
Net result	2,285	1,310

19. TRUST FUNDS

The Crown Solicitor receives money in trust for clients usually pending settlement of clients' transactions. These monies are excluded from the financial reports, as the entity cannot use them for the achievement of its objectives. Interest earned on funds held in the Crown Solicitor's trust account is retained by NSW Treasury.

	2015 \$'000	2014 \$'000
Cash balance at the beginning of the financial year	10,481	11,671
Add: Receipts	41,682	151,122
Less: Expenditure	29,844	152,312
Cash balance at the end of the financial year	22,319	10,481

20. FINANCIAL INSTRUMENTS

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

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

The Crown Solicitor 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 entity, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Committee on a continuous basis.

(a) Financial instrument categories

Financial Assets	Note	Category	2015 \$'000	2014 \$'000
Class:				
Cash and cash equivalents	7	N/A	21,158	20,719
Receivables ¹	8	Loans and receivables (at amortised cost)	8,283	8,861
			29,441	29,580
Financial Liabilities		Category	2015 \$'000	2014 \$'000
Class:				
Payables ²	13	Financial liabilities measured at amortised cost	4,213	7,313
			4,213	7,313

Notes

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes 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 entity's debtors defaulting on their contractual obligations, resulting in a financial loss to the entity. 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 entity, including cash and receivables. No collateral is held by the entity. The entity has not granted any financial guarantees.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury. Cash previously held in the TCorp Hour Glass Cash facility was transferred into the Treasury Banking System on 25th March 2015 as required by TC15/01 *Cash Management – Expanding the Scope of the Treasury Banking System*.

20. FINANCIAL INSTRUMENTS (cont.)

(b) Credit Risk (cont.)

Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date in accordance with the asset recognition criteria. Collectability of trade debtors is reviewed on an ongoing basis and debts over 90 days are assessed for impairment. Debts, which are known to be uncollectable are written off, only after all avenues of debt collection have been exhausted. 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, current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Payment terms are between 14 and 30 days.

The CSO's debtors are primarily other NSW government entities and credit risk is assessed as very low. Based on past experience, debtors that are not past due \$3,517,000(2014:\$3,285,000) and less than six months past due \$736,000(2014: \$918,000) are not considered impaired and together these represent 99.9 per cent (2014: 98.0 per cent) of the total trade debtors. Debtors more than 6 months overdue are \$2,000 and have been assessed as recoverable. There are no debtors, which are currently not past due or impaired whose terms have been renegotiated.

	Total ^{1,2} \$'000	Past due but not impaired ^{1,2} \$'000	Considered impaired ^{1,2} \$'000
2015			
< 3 months overdue	712	712	-
3 months - 6 months overdue	24	24	-
> 6 months overdue	2	2	-
	738	738	-
2014			
< 3 months overdue	577	577	-
3 months - 6 months overdue	341	341	-
> 6 months overdue	84	0	84
	1,002	918	84

Notes

- Each column in the table reports gross receivables.
- The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and 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 entity will be unable to meet its payment obligations when they fall due. The entity continuously manages risk through monitoring future cash flows, which coordinates the payment of creditors with cash receipts from debtors.

The CSO has effective billing and debtor management policies and procedures in place to maintain levels of debt within established KPIs and to ensure that work in progress is billed in a timely fashion.

20. FINANCIAL INSTRUMENTS (cont.)

(c) Liquidity risk (cont.)

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 payment of simple interest is at the discretion of the Crown Solicitor. Interest incurred was \$1,520.44 (2014:\$468.00) and the rate of interest applied during the year was an average of 10.61% (2014:10.63%).

During the current year and prior year, there were no defaults of loans payable. No assets have been pledged as collateral. The CSO's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

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

Maturity analysis and interest rate exposure of financial liabilities

	Weighted average effective interest rate	Nominal Amount \$'000	Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non- interest bearing \$'000	< 1 year \$'000	1 -5 years \$'000	> 5 years \$'000
2015								
Payables	-	4,213	-	-	4,213	4,213	-	-
	-	4,213	-	-	4,213	4,213	-	-
2014								
Payables	-	7,313	-	-	7,313	7,313	-	-
	-	7,313	-	-	7,313	7,313	-	-

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay.

(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 CSO has no exposure to foreign currency risk and does not enter into commodity contracts.

Interest rate risk

Exposure to interest rate risk arises primarily through the entity's interest bearing assets. The sensitivity analysis is performed based on a reasonably possible change of +/- 1 per cent, 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 CSO's exposure to interest rate risk is set out below.

20. FINANCIAL INSTRUMENTS (cont.)

Interest rate risk (cont.)

		Impact of 1% Increase		Impact of 1% decrease	
	Carrying amount \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2015					
<i>Financial assets</i>					
Cash and cash equivalents	21,158	212	212	(212)	(212)
Receivables	8,283	-	-	-	-
<i>Financial liabilities</i>					
Payables	4,213	-	-	-	-
	33,654	212	212	(212)	(212)
2014					
<i>Financial assets</i>					
Cash and cash equivalents	20,719	207	207	(207)	(207)
Receivables	8,861	-	-	-	-
<i>Financial liabilities</i>					
Payables	7,313	-	-	-	-
	36,893	207	207	(207)	(207)

(e) Fair Value measurement

Financial instruments are generally recognised at cost. All of the CSO's cash is held within the Treasury Banking System and is recognised at cost. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short term nature of the financial instruments.

21. DEFINED BENEFIT SUPERANNUATION

The following information has been prepared by the Scheme actuary.

30 June 2015 Superannuation Position Basis – AASB 119

	SASS 30 June 2015	SANCS 30 June 2015	SSS 30 June 2015	Total 30 June 2015
Member Numbers				
Contributors	16	23	7	
Deferred benefits	0	0	0	
Pensioners	0	0	38	
Pensions fully commuted	0	0	1	
Superannuation Position for AASB 119 purposes	\$	\$	\$	\$
Accrued liability (Note 1)	6,165,311	1,111,161	59,101,305	66,377,776
Estimated reserve account balance	(7,779,900)	(3,005,691)	(41,947,983)	(52,733,574)
	(1,614,589)	(1,894,531)	17,153,322	13,644,202
1. Deficit/(surplus)				
2. Future Service Liability (Note 2)	1,075,477	431,784	600,213	2,107,474
3. Surplus in excess of recovery available from schemes (-1.-2. and subject to a minimum of zero)	0	0	0	0
4. Net (asset)/liability to be recognised in statement of financial position (1.+3.)	(1,614,589)	(1,894,531)	17,153,322	13,644,202

Note 1:

The accrued liability includes a contribution tax provision. This is calculated based on grossing up the deficit/(surplus) less the allowance for past service expenses and insurable death and disability liabilities at a contribution tax rate of 15%.

Note 2:

The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed (AASB 119 para 64). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed. (Note: this also includes a contribution tax provision).

AASB 119 – Disclosure items 30 June 2015

Nature of the benefits provided by the fund – Para 139(a)(i)

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- Police Superannuation Scheme (PSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the Schemes are closed to new members.

21. DEFINED BENEFIT SUPERANNUATION (cont.)

Description of the regulatory framework - Para 139(a)(ii)

The schemes in the Pooled Fund are established and governed by the following NSW legislation: Superannuation Act 1916, State Authorities Superannuation Act 1987, Police Regulation (Superannuation) Act 1906, State Authorities Non-Contributory Superannuation Scheme Act 1987, and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the Commonwealth Superannuation Industry (Supervision) Act 1993 (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2012. The next actuarial investigation is due as at 30 June 2015 and the report is expected to be released by the end of 2015.

Description of other entities' responsibilities for the governance of the fund - Para 139(a)(iii)

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles:

- * Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules;
- * Management and investment of the fund assets; and
- * Compliance with other applicable regulations.

Description of risks - Para 139(b)

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

- Investment risk - The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
- Longevity risk – The risk that pensioners live longer than assumed, increasing future pensions.
- Pension indexation risk – The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
- Salary growth risk - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- Legislative risk - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

21. DEFINED BENEFIT SUPERANNUATION (cont.)

Description of significant events - Para 139(c)

There were no fund amendments, curtailments or settlements during the year.

Reconciliation of the Net Defined Benefit Liability/(Asset) - Para 140(a)

	SASS Financial Year to 30 June 2015 \$	SANCS Financial Year to 30 June 2015 \$	SSS Financial Year to 30 June 2015 \$	Total Financial Year to 30 June 2015 \$
Net Defined Benefit Liability/(Asset) at start of year	(1,202,006)	(1,572,959)	15,127,035	12,352,070
Current service cost	243,912	83,542	51,383	378,837
Net Interest on the net defined benefit liability/(asset)	(46,469)	(57,144)	534,989	431,376
Past service cost	0	0	0	0
(Gains)/losses arising from settlements	0	0	0	0
Actual return on Fund assets less Interest income	(588,980)	(231,828)	(3,128,641)	(3,949,448)
Actuarial (gains)/losses arising from changes in demographic assumptions	(5,132)	(603)	9,140	3,405
Actuarial (gains)/losses arising from changes in financial assumptions	130,783	48,791	4,880,861	5,060,435
Actuarial (gains)/losses arising from liability experience	52,570	(108,918)	(38,718)	(95,066)
Adjustment for effect of asset ceiling	0	0	0	0
Employer contributions	(199,269)	(55,412)	(282,726)	(537,408)
Effects of transfers in/out due to business combinations and disposals	0	0	0	0
Net Defined Benefit Liability/(Asset) at end of year	(1,614,589)	(1,894,531)	17,153,322	13,644,202

Reconciliation of the Fair Value of Fund Assets – Para 140(a)(i)

	SASS Financial Year to 30 June 2015 \$	SANCS Financial Year to 30 June 2015 \$	SSS Financial Year to 30 June 2015 \$	Total Financial Year to 30 June 2015 \$
Fair value of Fund assets at beginning of the year	7,233,283	3,174,065	38,818,467	49,225,816
Interest income	251,999	110,426	1,359,870	1,722,295
Actual return on Fund assets less Interest income	588,980	231,828	3,128,641	3,949,448
Employer contributions	199,269	55,412	282,726	537,408
Contributions by participants	93,722	0	182,234	275,956
Benefits paid	(550,315)	(631,311)	(1,962,539)	(3,144,165)
Taxes, premiums & expenses paid	(37,038)	65,271	138,583	166,816
Transfers in	0	0	0	0
Contributions to accumulation section	0	0	0	0
Settlements	0	0	0	0
Exchange rate changes	0	0	0	0
Fair value of Fund assets at end of the year	7,779,900	3,005,691	41,947,983	52,733,574

21. DEFINED BENEFIT SUPERANNUATION (cont.)

Reconciliation of the Defined Benefit Obligation – Para 140(a)(ii)

	SASS Financial Year to 30 June 2015 \$	SANCS Financial Year to 30 June 2015 \$	SSS Financial Year to 30 June 2015 \$	Total Financial Year to 30 June 2015 \$
<i>Present value of defined benefit obligations at beginning of the year</i>	6,031,277	1,601,107	53,945,502	61,577,886
Current service cost	243,912	83,542	51,383	378,837
Interest cost	205,530	53,283	1,894,859	2,153,671
Contributions by participants	93,722	0	182,234	275,956
Actuarial (gains)/losses arising from changes in demographic assumptions	(5,132)	(603)	9,140	3,405
Actuarial (gains)/losses arising from changes in financial assumptions	130,783	48,791	4,880,861	5,060,435
Actuarial (gains)/losses arising from liability experience	52,570	(108,918)	(38,718)	(95,066)
Benefits paid	(550,315)	(631,311)	(1,962,539)	(3,144,165)
Taxes, premiums & expenses paid	(37,038)	65,271	138,583	166,816
Transfers in	0	0	0	0
Contributions to accumulation section	0	0	0	0
Past service cost	0	0	0	0
Settlements	0	0	0	0
Exchange rate changes	0	0	0	0
<i>Present value of defined benefit obligations at end of the year</i>	6,165,311	1,111,161	59,101,305	66,377,776

Reconciliation of the effect of the Asset Ceiling - Para 140(a)(iii)

	SASS Financial Year to 30 June 2015 \$	SANCS Financial Year to 30 June 2015 \$	SSS Financial Year to 30 June 2015 \$	Total Financial Year to 30 June 2015 \$
<i>Adjustment for effect of asset ceiling at beginning of the year</i>	0	0	0	0
Change in the effect of asset ceiling	0	0	0	0
<i>Adjustment for effect of asset ceiling at end of the year</i>	0	0	0	0

The adjustment for the effect of asset ceiling has been determined based on the maximum economic benefit available to the entity in the form of reductions in future employer contributions.

Fair value of Fund assets - Para 142

All Pooled Fund assets are invested by SAS Trustee Corporation (STC) at arm's length through independent fund managers, assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. **As such, the disclosures below relate to total assets of the Pooled Fund.**

21. DEFINED BENEFIT SUPERANNUATION (cont.)

As at 30th June 2015

Asset category	Total (A\$'000)	Quoted prices in active markets for identical assets	Significant observable inputs	Unobservable inputs
		Level 1 (A\$'000)	Level 2 (A\$'000)	Level 3 (A\$'000)
Short Term Securities	2,641,516	95,603	2,545,913	-
Australian Fixed Interest	2,656,598	958	2,638,759	16,881
International Fixed Interest	1,003,849	(110)	1,003,959	-
Australian Equities	10,406,940	9,989,541	503,999	4,400
International Equities	13,111,481	9,963,287	2,585,150	563,044
Property	3,452,609	948,421	718,406	1,785,782
Alternatives	7,170,187	622,102	3,020,225	3,527,860
Total*	40,443,180	21,528,802	13,016,411	5,897,967

The percentage invested in each asset class at the reporting date is:

Asset Category	As at 30 June 2015
Short Term Securities	6.5%
Australian Fixed Interest	6.6%
International Fixed Interest	2.5%
Australian Equities	25.7%
International Equities	32.4%
Property	8.6%
Alternatives	17.7%
Total*	100.0%

*Additional to the assets disclosed above, at 30 June 2015 Pooled Fund has provisions for receivables/(payables) estimated to be around \$1.74 billion. This gives total estimated assets of \$42.2 billion.

Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this levels are listed shares; listed unit trusts.

Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts containing where quoted prices are available in active markets for identical assets or liabilities.

Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

21. DEFINED BENEFIT SUPERANNUATION (cont.)

Fair value of entity's own financial instruments - Para 143

The disclosures below relate to total assets of the Pooled Fund.

The fair value of the Pooled Fund assets as at 30 June 2015 include \$209.2 million in NSW government bonds.

Of the direct properties owned by the Pooled Fund:

- GPNSW occupies part of a property owned by the Pooled Fund with a fair value of \$159 million (30 June 2014: \$153 million).
- NSW Ambulance occupies part of a property 50% owned by the Pooled Fund with a fair value of \$204 million (30 June 2014: \$205 million).

Significant Actuarial Assumptions at the Reporting Date - Para 144

As at	30 June 2015
Discount rate	3.03% pa
Salary increase rate (excluding promotional increases)	2.50% 2015/2016 to 2018/2019; 3.50% 2019/2020; 3.00% pa 2021/2022 to 2024/2025; 3.50% pa thereafter
Rate of CPI increase	2.50% 2015/2016; 2.75% 2016/2017 & 2017/2018; 2.50% pa thereafter
Pensioner mortality	The pensioner mortality assumptions are as per the 2012 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age.

Sensitivity Analysis - Para 145

The entity's total defined benefit obligation as at 30 June 2015 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2015.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

	Base Case	Scenario A -1.0% discount rate	Scenario B +1.0% discount rate
Discount rate	3.03%	2.03%	4.03%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$)	66,377,776	76,918,139	57,820,381

21. DEFINED BENEFIT SUPERANNUATION (cont.)

	Base Case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate	as above	as above	as above
		above rates plus	above rates less
Rate of CPI increase	as above	0.5% pa	0.5% pa
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$)	66,377,776	71,086,185	62,092,064

	Base Case	Scenario E +0.5% salary increase rate	Scenario F -0.5% salary increase rate
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above	as above
		above rates plus	above rates less
Salary inflation rate	as above	0.5% pa	0.5% pa
Defined benefit obligation (A\$)	66,377,776	66,703,728	66,058,481

	Base Case	Scenario G +5% pensioner mortality rates	Scenario H -5% pensioner mortality rates
Defined benefit obligation (A\$)	66,377,776	65,596,609	67,204,851

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Asset-Liability matching strategies - Para 146

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cashflows to manage liquidity requirements. No explicit asset-liability matching strategy is used by the Trustee.

Funding arrangements - Para 147(a)

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2012. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

The next triennial review as at 30 June 2015, the report is expected to be released by the end of 2015.

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

21. DEFINED BENEFIT SUPERANNUATION (cont.)

Surplus/deficit

The following is a summary of the 30 June 2015 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS 30 June 2015 \$	SANCS 30 June 2015 \$	SSS 30 June 2015 \$	Total 30 June 2015 \$
Accrued benefits	5,741,219	1,147,348	31,343,500	38,232,066
Net market value of Fund assets	(7,779,900)	(3,005,691)	(41,947,983)	(52,733,574)
Net (surplus)/deficit	(2,038,681)	(1,858,344)	(10,604,483)	(14,501,508)

Contribution recommendations

Recommended contribution rates for the entity are:

	SASS multiple of member contributions	SANCS % member salary	SSS multiple of member contributions
	1.9	2.50%	1.5

Economic assumptions

The economic assumptions adopted for the 30 June 2012 actuarial investigation of the Pooled Fund are:

Weighted-Average Assumptions

Expected rate of return on Fund assets backing current pension liabilities	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa
Expected salary increase rate (excluding promotional salary increases)	SASS, SANCS, SSS 2.7% pa (PSS 3.5% pa) to 30 June 2018, then 4.0% pa thereafter
Expected rate of CPI increase	2.5% pa

Expected contributions - Para 147(b)

	SASS Financial Year to 30 June 2016 \$	SANCS Financial Year to 30 June 2016 \$	SSS Financial Year to 30 June 2016 \$	Total Financial Year to 30 June 2016 \$
Expected employer contributions	178,072	71,438	273,351	522,860

Maturity profile of defined benefit obligation - Para 147(c)

The weighted average duration of the defined benefit obligation is 13.4 years.

21. DEFINED BENEFIT SUPERANNUATION (cont.)

Profit and Loss Impact

	SASS Financial Year to 30 June 2015 \$	SANCS Financial Year to 30 June 2015 \$	SSS Financial Year to 30 June 2015 \$	Total Financial Year to 30 June 2015 \$
Current service cost	243,912	83,542	51,383	378,837
Net interest	(46,469)	(57,144)	534,989	431,376
Past service cost	0	0	0	0
(Gains)/Loss on settlement	0	0	0	0
Defined benefit cost	197,444	26,398	586,372	810,213

Other Comprehensive Income

	SASS Financial Year to 30 June 2015 \$	SANCS Financial Year to 30 June 2015 \$	SSS Financial Year to 30 June 2015 \$	Total Financial Year to 30 June 2015 \$
Actuarial (gains) losses on liabilities	178,222	(60,730)	4,851,282	4,968,775
Actual return on Fund assets less Interest income	(588,980)	(231,828)	(3,128,641)	(3,949,448)
Effects of transfers in/out due to business combinations and disposals	0	0	0	0
Adjustment for effect of asset ceiling	0	0	0	0
Total remeasurement in Other Comprehensive Income	(410,757)	(292,558)	1,722,641	1,019,326

22. EVENTS AFTER THE REPORTING PERIOD

No events have occurred between the financial reporting date and the date of these financial statements that require adjustment to, or disclosure in, these financial statements.

End of audited financial statements.

APPENDICES

Appendix 1	Accounts payment performance
Appendix 2	Consultants
Appendix 3	Consumer response
Appendix 4	Credit card certification
Appendix 5	Digital information security policy attestation
Appendix 6	Disability Action Plan
Appendix 7	Diversity and Multicultural Outcomes
Appendix 8	<i>Government Information (Public Access) Act 2009</i>
Appendix 9	Insurance Activities
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Appendix 11	Legal Change
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Appendix 13	Overseas visits by employees and officers
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Appendix 15	Public Interest Disclosures
Appendix 16	Sustainability

Appendix 1: Accounts payment performance

Aged Analysis at the end of each quarter

Year ended 30 June 2015

Quarter	Current (i.e. within due date) \$'000	Less than 30 days overdue \$'000	Between 30 and 60 days overdue \$'000	Between 60 and 90 days overdue \$'000	More than 90 days overdue \$'000
All suppliers					
September	3,110	0	0	0	0
December	3,297	0	0	0	0
March	2,959	0	0	0	0
June	2,886	0	0	0	0
Small business suppliers					
September	0	0	0	0	0
December	0	0	0	0	0
March	0	0	0	0	0
June	0	0	0	0	0

Note: These balances represent the amounts owing to Department of Justice at the end of month for reimbursement of payroll and other costs. These amounts are settled with the Department of Justice in the following month. All other creditors are paid in the month that the invoice is received / approved for payment.

Accounts paid within each quarter (excluding Department of Justice)

Measure	September \$'000	December \$'000	March \$'000	June \$'000
All suppliers				
No of accounts due for payment	2,728	2,673	2,405	2,748
No of accounts paid on time	2,711	2,659	2,372	2,731
Actual % of accounts paid on time (based on no of accounts)	99%	99%	99%	99%
Dollar amount of accounts due for payment	\$11,320	\$9,348	\$8,436	\$9,742
Dollar amount of accounts paid on time	\$11,269	\$9,278	\$8,292	\$9,694
Actual % of accounts paid on time (based on \$)	100%	99%	98%	100%
No of payments for interest on overdue accounts	3	2	5	3
Interest paid on overdue accounts	\$630.55	\$279.87	\$294.08	\$104.12
Small business suppliers				
No of accounts due for payment	582	629	521	570
No of accounts paid on time	570	615	488	553
Actual % of accounts paid on time (based on no of accounts)	98%	98%	94%	97%
Dollar amount of accounts due for payment	\$2,981	\$2,999	\$1,788	\$2,051
Dollar amount of accounts paid on time	\$2,912	\$2,931	\$1,644	\$2,004
Actual % of accounts paid on time (based on \$)	98%	98%	92%	98%
No of payments for interest on overdue accounts	3	2	5	3
Interest paid on overdue accounts	\$630.55	\$279.87	\$294.08	\$104.12

Payment of mandatory interest to small business suppliers

The CSO incurred interest during the year to declared small business suppliers totalling \$1,520.44. This included the \$1,308.62 as outlined in the above table plus an additional \$211.82 to be paid in 2015/16. The main reasons for payment delay are the misplacement of invoices and/or invoices lost in the post.

Initiatives to improve payment performance

The CSO continues to support satisfactory payment performance through:

- use of electronic funds transfer as the preferred method of paying creditors
- payment of major suppliers by way of consolidated billing
- reminding CSO staff of the payment performance requirements and advising all new staff as part of staff induction.

The project to replace the current Practice Management System will incorporate centralised receipting and use of electronic workflow for approval of invoices.

Appendix 2: Consultants

There were no individual consultant engagements in excess of \$50,000 during the year.

Consultant expenditure under \$50,000

Consultancy Category	Amount	Number
Management Services	\$105,391	10
Total expenditure for consultants under \$50,000	\$105,391	

Appendix 3: Consumer response

The CSO regularly surveys clients through its annual client survey and its bi-monthly end of matter surveys. Feedback and suggestions from clients are followed up with clients and staff and inform our client service strategies.

The CSO has a formal procedure for handling complaints (from clients or any other person), and this procedure is made known to all staff via the CSO Procedures Manual and CSO Intranet, and to clients and interested members of the public via the CSO website. A record is kept of all complaints.

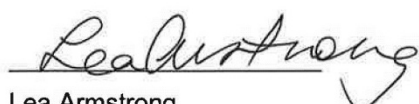
There were no significant complaints in this reporting period.

Appendix 4: Credit card certification

Crown Solicitor's Office

Certification of Corporate Credit Card Usage 2014/15

In accordance with the Treasurer's Direction 205.01, it is hereby certified that the use of corporate credit cards has been in accordance with government guidelines.



Lea Armstrong

Crown Solicitor

4/9/2015

Appendix 5: Digital information security policy attestation statement

Digital Information Security Annual Attestation Statement for the 2014-2015 Financial Year for NSW Crown Solicitor's Office

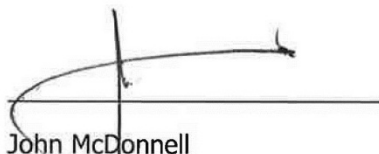
I, John McDonnell, NSW A/Crown Solicitor am of the opinion that Department of Justice, Information Technology Services (our shared service provider) had an Information Security Management System in place during the 2014-15 financial year that is consistent with the Core Requirements set out in the NSW Government Digital Information Security Policy.

The controls in place to mitigate identified risks to the digital information and digital information systems of NSW Crown Solicitor's Office are adequate with the exception of formal disaster recovery plans which are in the process of achieving compliance by 30 September 2015.

The NSW Crown Solicitor's Office is in the process of implementing systems which will integrate with the existing Electronic Document & Records Management System, email system and Microsoft Office for compliance with the NSW Government Information Classification, Labelling and Handling Guidelines, and will continue to incorporate these changes into business processes.

There is no agency under the control of the NSW Crown Solicitor's Office which is required to develop an independent ISMS in accordance with the NSW Government Digital Information Security Policy.

For the purpose of compliance with NSW Government Digital Information Security Policy, the NSW Crown Solicitor's Office has relied on the attestation by Department of Justice, Information Technology Services that they have maintained certified compliance with AS/NZS ISO/IEC 27001 Information technology - Security techniques - Information security management systems - Requirements by an accredited third party during the 2014-2015 financial year.



John McDonnell

A/Crown Solicitor

23/4/15

Appendix 6: Disability inclusion action plan

The CSO adopts the Department of Justice Disability Action Plan 2014-16. A CSO specific plan will be developed and implemented for the next reporting period.

The CSO applies the Reasonable Adjustment policy across the office and in this reporting period we continued to monitor and support our managers in ensuring that effective reasonable adjustments were implemented and maintained for five long term cases.

The CSO participated in the Stepping into Law program and recruited a student to undertake work experience during their semester break. To enable the successful integration of the student into the workplace, the CSO engaged Job Access, through the Employee Assistance Fund program, to assess the student's needs and provide advice on workplace reasonable adjustments. This enabled the CSO to support the student in performing their duties effectively and ensured that the appropriate tools and reasonable adjustments were in place prior to commencement.

The CSO's website is now Web Content Accessible enabling full accessibility to people with disabilities.

As part of promoting workplace awareness and ensuring workplace support for those with a disability, CSO continues to work collaboratively with government disability services such as Job Access, Australia Network on Disability and other rehabilitation providers to assist in the recruitment and placement of future candidates.

Appendix 7: Diversity and Multicultural Outcomes

The CSO aims to attract people from diverse backgrounds to assist in better understanding and meeting the needs of its clients and reflecting the community we serve. This assists in promoting the CSO as an employer of choice. The CSO has adopted as its own the Department of Justice's Multicultural Policy.

For the reporting period, the CSO participated in the following programs:

- **CSO Graduate Solicitor Rotation program** — this program rotates graduate solicitors through four practice groups over a two year period. It aims to develop skills in advice writing, litigation and transactional work and exposes graduates to different areas of law. Graduates in this program assist senior solicitors in the conduct of legal matters and undertake targeted training activities in the first two years to ensure that capability levels of a Grade I-III solicitor are achieved by the end of the program.
- **Indigenous Cadetship program** — provides work placements of 12 weeks for each year of the cadetship along with study support, professional guidance and mentorship.
- **Stepping into Law program** — employs university students with disabilities. The program creates a workplace culture within the CSO that values diversity and promotes the employment of people with disabilities. CSO engaged one intern during the reporting year.
- **Lucy Mentoring program** — gives young women an opportunity to work with senior legal staff, providing them with support, guidance and encouragement to advance their career. Two university students have been mentored during the reporting period.
- **Law student promotions** — via career fairs and guides provide information on career pathways and experiences. CSO participated in four career fairs and law series and contributed to three university law career guides.
- **Web Content Accessible** — implemented for CSO website to ensure access for those with disabilities.

The CSO has been working on reforms to the recruitment and employment aspects of the *GSE Act*. Targeted recruitment programs will commence in 2015/16.

The CSO continued to be a member of the Department of Justice Equity and Diversity Alliance and actively promoted:

- learning and development programs
- flexible working arrangements
- reasonable adjustments in the workplace
- career development opportunities through office-wide expressions of interest.

A CSO-specific diversity plan is currently under development and will be implemented in 2015/16.

Statistical Information on EEO target groups

Table 1. Trends in the representation of EEO Groups ⁽¹⁾

EEO Group	Benchmark or target	% of Total Staff ⁽²⁾			
		2012	2013	2014*	2015
Women	50%	N/A	N/A	73.1%	73.8%
Aboriginal people & Torres Strait Islanders	2.6% ⁽³⁾	N/A	N/A	1.6%	1.4%
People whose first language was not English	19%	N/A	N/A	15.2%	15.4%
People with a disability	N/A ⁽⁴⁾	N/A	N/A	2.9%	3.4%
People with a disability requiring work-related adjustment ⁽⁵⁾	1.1% (2011) 1.3% (2012) 1.5% (2013) 1.5% (2015)	N/A	N/A	2.4%	1.1%

Table 2. Trends in the distribution of EEO Groups ⁽⁶⁾

EEO Group	Benchmark or target	Distribution Index ⁽⁷⁾			
		2012	2013	2014*	2015
Women	100	N/A	N/A	91	92
Aboriginal people & Torres Strait Islanders	100	N/A	N/A	N/A	N/A
People whose first language was not English	100	N/A	N/A	93	86
People with a disability	100	N/A	N/A	N/A	N/A
People with a disability requiring work-related adjustment	100	N/A	N/A	N/A	N/A

NOTE: Information for the above tables is provided by the Workforce Information Unit, NSW Public Service Commission.

* Information only available from 2014 onwards as the Crown Solicitor's Office formed part of the Department of Justice prior to February 2014.

⁽¹⁾ Based on staff numbers as at 30 June

⁽²⁾ Excludes casual staff

⁽³⁾ Minimum target by 2015

⁽⁴⁾ Precent employment levels are reported but a benchmark level has not been set

⁽⁵⁾ Minimum annual incremental target

⁽⁶⁾ A Distribution Index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels. The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20.

⁽⁷⁾ Excludes casual staff.

Appendix 8: *Government Information (Public Access) Act 2009*

Details of the agency's review under s. 7(3) *GIPA Act*

The CSO became an agency on 24 February 2014. On 12 December 2014, it was declared not to be a separate agency and taken to be a part of and included in the Department of Justice under cl. 12 and Sch. 3 to the *GIPA Act*. As this period is less than 12 months, a review had not yet been conducted.

Total number of access applications received during the year

- One application was received during 1 July 2014 and 12 December 2014

Total number of access applications refused, wholly or in part, because of conclusive presumption against disclosure

- One application

Statistical information

- See below

Subsidiary agencies

- CSO has no subsidiary agencies

Table A: Number of applications by application type and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information held	Application withdrawn
Media	0	0	0	0	0	0	0	0
MPs	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0
NFP organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representatives)	0	0	0	0	0	0	0	0
Members of the public (other)	0	1	0	0	0	0	0	0

Table B: Number of applications by application type and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information held	Application withdrawn
Personal information applications *	0	1	0	0	0	0	0	0
Access applications (other than personal information applications)	0	0	0	0	0	0	0	0
Access applications - partly personal & partly other	0	0	0	0	0	0	0	0

Table C: Invalid applications

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	0
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	0
Invalid applications that subsequently become valid applications	0

* A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

Table D: Conclusive presumption of overriding public interest against disclosure

Matters listed in Schedule 1 of the Act	Number of times consideration used *
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	1
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

* More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only one per application). This also applies in relation to Table E.

Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of Act

Matters listed in section 14 of the Act	Number of times when application not successful
Responsible and effective government	0
Law enforcement and security	0
Individual rights, judicial processes and natural justice	0
Business interests of agencies and other persons	0
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Table F: Timeliness

Timeframe	Number of applications
Decided within the statutory timeframe (20 days plus ant extensions)	1
Decided after 35 days (by agreement with applicant)	0
Decided within time (deemed refusal)	0
TOTAL	1

Table G: Number of applications reviewed under Part 5 of the Act

By type of review and outcome	Decision varied	Decision upheld	Total
Internal review	0	0	0
Review by Information Commissioner *	0	0	0
Internal review following recommendation under section 93 of Act	0	0	0
Review by ADT	0	0	0
TOTAL	0	0	0

*The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

Table H: Applications for review under Part 5 of the Act

By type of applicant	Number of applications
Applications by access applicants	0
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

Table I: Applications transferred by other agencies under Division 2 of Part 4 of the Act (by type of transfer)

By type of applicant	Number of applications transferred
Agency-initiated transfers	0
Applicant-initiated transfers	0

Appendix 9: Insurance Activities

Major insurance risks for the CSO are the security of its staff, property and other assets, as well as the risk of work-related injuries, which may result in workers' compensation insurance claims. Accordingly, the CSO has full workers' compensation, property, liability and miscellaneous insurance cover provided by the Treasury Managed Fund (TMF). The TMF is a government-wide self-insurance scheme that provides a systematic and coordinated approach to the practice of risk management. Under this scheme, benchmarking was introduced to gauge risk management performance with insurance premiums determined by a combination of benchmarks and the CSO's claims experience.

QBE Insurance manages the CSO's workers' compensation insurance and GIO General Ltd manages the CSO's other insurances. To reduce the number and value of workers' compensation insurance claims, the CSO monitors its claims experience on an ongoing basis, with a focus on occupational health and safety and claims management.

Risk management policies and procedures are also continually being reviewed with the aim of enhancing our risk management profile, thereby reducing future premiums.

Appendix 10: Internal audit and risk management policy attestation



**Crown
Solicitor's
Office**

Your Ref:

My Ref: AD234-09

A1 Sandra Jones

Tel: (02) 9224-5041

Fax: (02) 9224-5133

Email: crownsol@csso.nsw.gov.au

3 September 2015

Mr Sean Osborn
Director, Financial Management & Accounting Policy
NSW Treasury
Level 24, Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

By email

Dear Mr Osborn

Internal Audit and Risk Management Attestation for the 2014-15 Financial Year for NSW Crown Solicitor's Office

I am of the opinion that the Crown Solicitor's Office (CSO) has internal audit and risk management processes in place 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*. These processes provide a level of assurance that enables the senior management of the CSO to understand, manage and satisfactorily control risk exposures.

I am of the opinion that the Audit and Risk Committee for the CSO 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: Brian Suttor (February 2014 – September 2015)
- Independent Member 1: Paul Crombie (February 2014 – September 2015)
- Independent Member 2: Ian Neale (February 2014 – September 2015)
- Independent Member 3: Joan Wilcox (February 2014 – September 2015)
- Non-independent member: Peter Anet (July 2014 – September 2014)
- Non-independent member: Catherine Samuels (October 2014 - September 2015)

Yours faithfully


Lea Armstrong
Crown Solicitor

Contact Officer: Sandra Jones, A/Practice Manager, Tel: (02) 9224-5041

CROWN SOLICITOR'S OFFICE ABN 50 132 005 544 60-70 Elizabeth Street Sydney NSW 2000 GPO Box 25 Sydney 2001 DX 19 Sydney
Telephone 02 9224 5000 Fax 02 9224 5011 Email crownsol@csso.nsw.gov.au www.csso.nsw.gov.au

Appendix 11: Legal Change

The *Legal Profession Act 2004* was repealed on 1 July 2015 and replaced by the *Legal Profession Uniform Law Application Act 2014 No 16* and the *Legal Profession Uniform Law (NSW) No 16a*.

The *Legal Profession Regulation 2005* was replaced by the *Legal Profession Uniform Law Application Regulation 2015*.

The Act and Regulation contain provisions that relate specifically to the Crown Solicitor and these have remained unchanged.

Appendix 12: Other – costs to produce report and access

No costs were incurred in the production of this report.

This report may be requested on CD-ROM by contacting:

cso_marketing@cso.nsw.gov.au

This report can be accessed at the CSO's website — www.cso.nsw.gov.au — under the Policy and Tabled Documents section.

Appendix 13: Overseas visits by employees and officers

There were no overseas visits by CSO employees and officers during the reporting period.

Appendix 14: *Privacy and Personal Information Protection Act 1998*

During 2014/15, the CSO received one request for a privacy internal review under the *PPIP Act*. The application was originally made to the then Department of Attorney General and Justice ('DAGJ'), and complained of breaches by a CSO solicitor recording false, misleading and incomplete information about the applicant's appearance at the then Administrative Decisions Tribunal in an application for review under the *GIPA Act* in which the Crown Solicitor acted for NSW Treasury. The applicant complained that the CSO solicitor used false, misleading and incomplete information to compile submissions about him and to file such submissions. By internal review dated 24 June 2014, DAGJ found that, although the Crown Solicitor and the CSO officers were employed by DAGJ, the Crown Solicitor was acting for NSW Treasury, which was the relevant agency.

The applicant commenced proceedings against the CSO and NSW Treasury in the NSW Civil and Administrative Decisions Tribunal ('NCAT'). The proceedings against NSW Treasury were settled on the basis of annotations being added to the records. The proceedings against the CSO were unsuccessful on the grounds that the *GIPA Act* necessarily implied or reasonably contemplated non-compliance with the relevant information protection principles.

Appendix 15: Public Interest Disclosures

There were no Public Interest Disclosures ('PID') to the CSO in the reporting period.

The CSO has a PID Policy in place. The policy has been emailed to all staff, is included in the Staff Manual, its intranet site and is published on its public website.

Appendix 16: Sustainability

The CSO is committed to implementing sustainable practices in its workplace. It joined the NSW Office of Environment and Heritage ('OEH') Sustainability Advantage program in 2011 and has had a Strategic Sustainability Action Plan since this time.

The CSO's Sustainability Committee identifies and promotes the Sustainability Action Plan throughout the organisation. Sections on both its intranet and public website outline its sustainability credentials and achievements, along with details in the CSO Staff Manual. Sustainability targets are built into the CSO's Business Plan.

The program supports the CSO in identifying how it can measure and reduce its impact on the environment, along with lowering expenditure on resources and energy, improving productivity, instigating innovative practices and enhancing its reputation.

In November 2014 the CSO was successful in its application for Bronze Partner recognition in the Sustainability Advantage program. With over 530 organisations participating across NSW, some 30 per cent of members have been recognised as Bronze, Silver or Gold Partners for achieving positive environmental outcomes. The CSO is now part of this 30 per cent.

In March 2015 the CSO Sustainability Committee ran a successful awareness campaign to encourage reduction of energy usage that contributed to a reduction of 12 per cent energy usage over that time.

During this financial year, the CSO:

- reduced overall energy consumption by 11.12 per cent
- reduced CO₂-e emissions per FTE by 9.5 per cent
- purchased 100 per cent white photocopy paper as carbon neutral or recycled content
- ensured that all paper suppliers have sustainability accreditations
- recycled an estimated 65 tonnes of cardboard and paper
- saved 122 cubic metres of landfill via a secure paper destruction program
- achieved an overall reduction in paper usage of 9 per cent on the previous year
- reduced consumption of electricity by 10 per cent on the previous year
- Purchased EnergyStar Certified electrical equipment
- recycled over 800 plastic folders
- recycled 223.12 kgs of printer toner cartridges.