

Annual Report 2022–23

NSW Parliamentary Counsel's Office



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www.pcc.gov.au (Australasian Parliamentary Counsel's Committee)

Business hours

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Monday to Friday

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www.pco.nsw.gov.au

Cover image courtesy of Destination NSW—Overlooking stand-up paddleboarders on Wallis Lake, Forster–Tuncurry

Parliamentary Counsel's Office

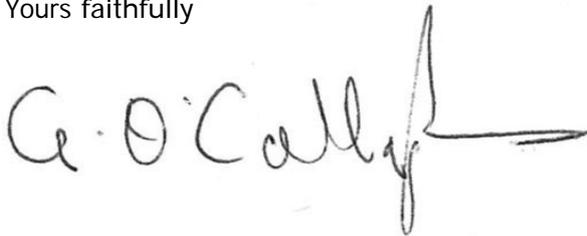
The Hon Christopher Minns MP
Premier and Member for Kogarah
52 Martin Place
Sydney NSW 2000

Dear Premier

I am pleased to forward to you the 2022–23 Annual Report for the Parliamentary Counsel's Office for presentation to Parliament.

This report has been prepared in accordance with the *Government Sector Finance Act 2018, Division 7.3*, and includes the financial statements prepared in accordance with the *Government Sector Audit Act 1983*.

Yours faithfully

A handwritten signature in black ink, appearing to read 'A. O'Callaghan', with a long horizontal flourish extending to the right.

ANNETTE O'CALLAGHAN
Parliamentary Counsel
23 October 2023



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Overview and Strategy

FROM THE PARLIAMENTARY COUNSEL

I am exceptionally proud of the high standard of legislation that my team produces, often within tight timeframes, and of their commitment to providing customer-focused, timely and effective access to that legislation.

The 2022–23 financial year was another busy year for the Parliamentary Counsel's Office (PCO). The volume of Government Bills introduced in the 2022–23 financial year was consistent with the previous few financial years despite the proroguing of Parliament for the 2023 NSW State election.

A number of significant drafting projects were undertaken during the period, including legislation to rewrite and modernise the *Poisons and Therapeutic Goods Act 1966*, which was nearly 60 years old, and legislation establishing the NSW Reconstruction Authority in response to the 2022 NSW floods. This report includes more detail of some of these significant legislative projects.

The NSW State election, held in March 2023, resulted in an extended Parliamentary recess and provided PCO with an opportunity to progress several important internal projects. PCO invested significantly to respond to the People Matter Employment Survey (PMES), which was conducted in September 2022. Most staff were involved in a variety of workshops that focused on strategies to improve employee performance and wellbeing, and to better support flexible working. The extended parliamentary break also enabled PCO staff to undertake additional learning and development, and significant investment was directed towards improving staff engagement and lifting management and leadership capability.

A significant milestone for the team was the launch of the PCO Standard to coincide with the opening of the 58th Parliament. The PCO Standard documents legislative drafting practices in New South Wales, acting as both a style guide and manual for drafters and editors at PCO. It is available on PCO's website to also increase the transparency of PCO's drafting practices for external stakeholders.

A full review of governance and policies was undertaken, with significant progress made towards refreshing all corporate policies. Work also continued on the ADaPT system, which will replace LEGIS as PCO's legislative drafting and publishing system and is now scheduled for implementation in the first half of 2024.

Key partners

We continue to work closely across the sector to produce legislation and legislative instruments of the highest quality and within the timeframes set by Government.

The Department of Communities and Justice and the Department of Premier and Cabinet each introduced more than 10 Bills during the period and continued to be important instructing partners for PCO.

A restructure saw the establishment of a dedicated team within PCO to manage our environmental planning instruments program, in partnership with the Department of Planning and Environment and local councils. This program continues to generate a high volume of work, with 239 instruments drafted in the 2022–23 financial year. PCO completed 95% of these within 20 working days, well exceeding our performance target of 80% within 20 days.

Looking forward

My team and I are looking forward to continuing to serve the NSW Government, Parliament and the people of New South Wales in the production of, and access to, a NSW statute book of the highest standard.



ANNETTE O'CALLAGHAN
Parliamentary Counsel

ABOUT US

The Parliamentary Counsel's Office (PCO) is a Public Service executive agency staffed by approximately 50 highly professional and committed employees who are a mix of lawyers, editors, publishing and IT specialists, and executive support staff.

We draft and produce legislative instruments for the State and provide the public with access to legislation through the authorised NSW legislation website:

www.legislation.nsw.gov.au.

PCO is a vital link in the legislative process, working with Cabinet, Parliament and officers from Government agencies to meet the needs of the parliamentary program. We aim to provide the Government with a comprehensive range of high-quality services for drafting and developing legislation and to provide public access to the authorised legislation of New South Wales. We work collaboratively with a range of stakeholders to make legislation that is fit for purpose and constitutionally sound.

Our history

PCO was established in 1878 with the appointment of the first Parliamentary Draftsman in New South Wales. In 1970 the Parliamentary Draftsman became known as the Parliamentary Counsel.

The Parliamentary Counsel reported to the Attorney General until 1991, when PCO became a separate Administrative Office reporting to the Premier via the Director-General of the Cabinet Office.

In 2006, PCO became a separate office within the Cabinet Office and in 2007 a separate office within the Department of Premier and Cabinet (DPC), following the merger of the Premier's Department and the Cabinet Office.

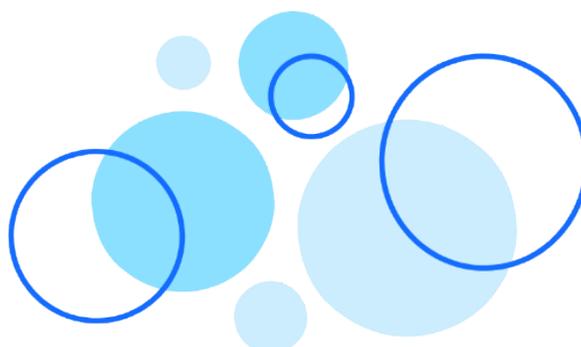
PCO became a Public Service executive agency within the DPC cluster in 2014 with the commencement of the *Government Sector Employment Act 2013*.

Following the machinery of Government changes effective from 1 July 2023, PCO has remained a Public Service executive agency within the Premier and Cabinet Portfolio.

Legislation administered

PCO supports the Premier in the administration of the *Interpretation Act 1987* to ensure that it is sufficiently robust to support the drafting of legislation. The NSW legislation website is established under the *Interpretation Act 1987*, Part 6A as the official NSW Government site for the authorised online publication of legislation and the Government Gazette.

PCO also supports the Premier in the administration of the *Subordinate Legislation Act 1989*, which deals with the making of statutory rules and the issue of opinions by the Parliamentary Counsel on which proposed statutory rules may legally be made. This Act also provides for the staged repeal of statutory rules following the fifth anniversary of their date of publication. PCO manages this staged repeal program, including drafting new instruments made under that program.



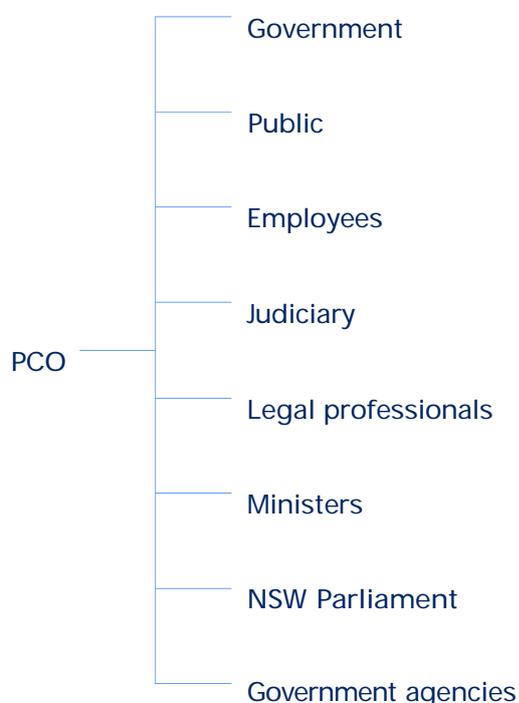
ABOUT US

Our purpose

Our purpose is to provide—

- high-quality legislative drafting services for New South Wales,
- optimal access to, and information about, legislation, and
- an inclusive and supportive workplace for staff.

Key stakeholders



Our primary stakeholder is the NSW Government.

We support the implementation of the Premier's and Government's priorities.

We work closely with stakeholders from a range of Government agencies to deliver best-practice legislation for New South Wales.

Services

- We deliver Government Bills and Amendments in Committee according to the legislative agenda set by the Government.
- We maintain a continually evolving and relevant statute book by drafting, amending and repealing instruments to the standard and timetable set by the Government.
- We support non-government members by drafting Bills and Amendments in Committee in accordance with the Government's policy on non-government drafting.
- We publish the official notification of new legislation on the legislation website.
- We publish notices in the Government Gazette on the legislation website in the timeframes required.
- We participate in drafting uniform legislation for Australia through the Australasian Parliamentary Counsel's Committee and provide the secretariat function that coordinates the work of that Committee.
- We provide the public and other stakeholders with access to legislation by updating, maintaining and continually enhancing the NSW legislation website.
- We provide information about NSW legislation through the NSW legislation website.
- We support the Government by maintaining a robust corporate governance framework to ensure implementation of sector-wide policies and accountability for resources.

ABOUT US

Leadership



Annette O'Callaghan, Parliamentary Counsel

Commencing her legislative drafting career in 1993, Annette is the first woman to hold the role of NSW Parliamentary Counsel. She has worked as a legislative drafter in New South Wales, Queensland and Victoria, and was the Queensland Parliamentary Counsel immediately prior to joining PCO. Annette runs PCO's Government Bills program and is also the Secretary of the Australasian Parliamentary Counsel's Committee.

Qualifications: LLB



Mark Cowan, Deputy Parliamentary Counsel

Mark leads a team of legislative drafters and assists the Parliamentary Counsel in managing PCO's Government Bills program. He joined the office as a legislative drafter in 2001.

Qualifications: BJuris, LLB



Richard Hurford, Deputy Parliamentary Counsel

Richard leads a team of legislative drafters and is responsible for PCO's non-government Bills program. He joined the office as a legislative drafter in 1997.

Qualifications: BEcon, LLB (Hons)



Abbie Hartley, Deputy Parliamentary Counsel

Abbie leads a team of legislative drafters and is responsible for the delivery of the environmental planning instruments program. Abbie joined the office as a legislative drafter in 2008.

Qualifications: BA (Hons I), LLB (Hons I)



Jason Emmett, Deputy Parliamentary Counsel

Jason joined the office as a legislative drafter in 2018 from the Office of the Queensland Parliamentary Counsel. His role includes managing the statutory instruments program.

Qualifications: BA, LLB



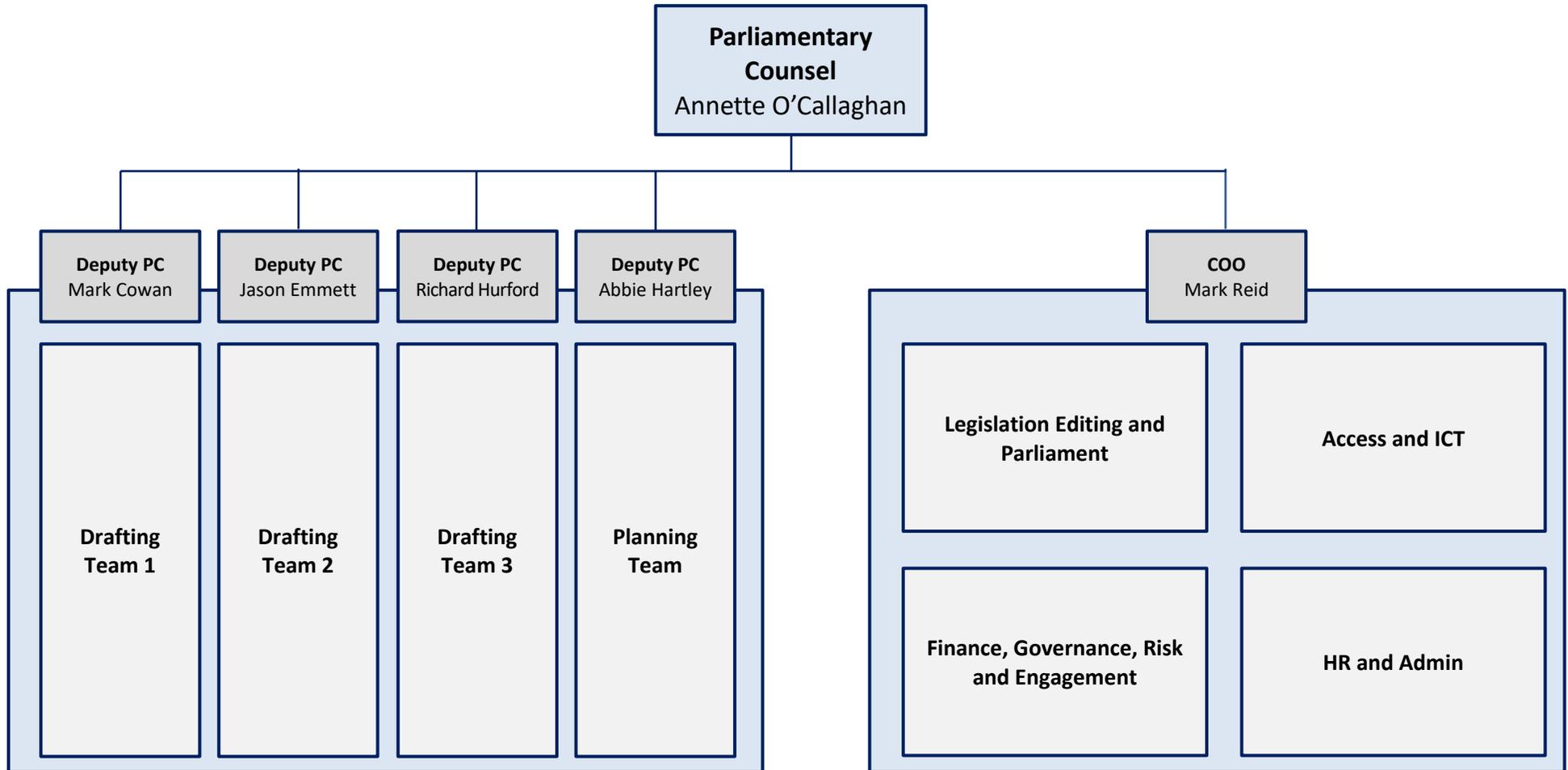
Mark Reid, Chief Operating Officer

Mark leads the editing, access, ICT and corporate services teams, helping the Parliamentary Counsel to optimise PCO resources while complying with legislative frameworks. Mark joined PCO as Chief Finance Officer in April 2022.

Qualifications: BMus, BEcon

ABOUT US

Organisation chart



Operations and Performance

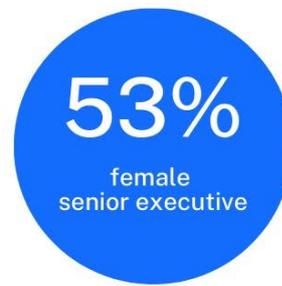
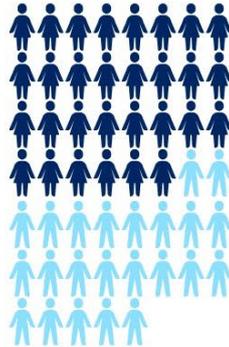


2022-23 HIGHLIGHTS

Our people



*PMES 2022
(+10 against the
sector)



Drafting for NSW



www.legislation.nsw.gov.au



DRAFTING LEGISLATION FOR NSW

Government Bill drafting and production

PCO prepares Bills and Amendments in Committee to the timeframes and standards required by the Government’s parliamentary program. We also provide advice to the Government on legislative proposals.

The Parliamentary Counsel works closely with the Premier’s Office to ensure Bills are ready for introduction when required and reports on the progress of draft Bills. She attends meetings of the Legislation Committee of Cabinet and reports to that Committee about whether Bills conform with relevant Cabinet approvals.

Draft Bills are reviewed by senior drafters and receive comprehensive editorial and legal reviews. As a service to Parliament, we produce print-ready versions of Bills and amended Bills for all stages reported.

2022–23 Performance

We aim to meet drafting and production volumes to the standard and timetable set by the Government and to provide support for the Bill passage process.

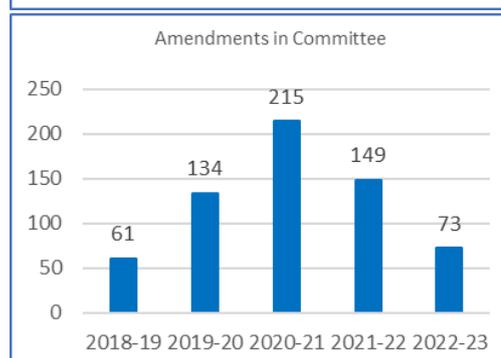
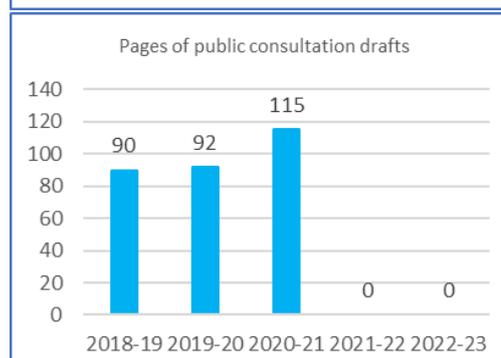
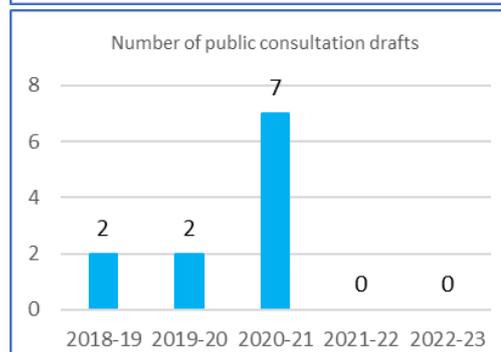
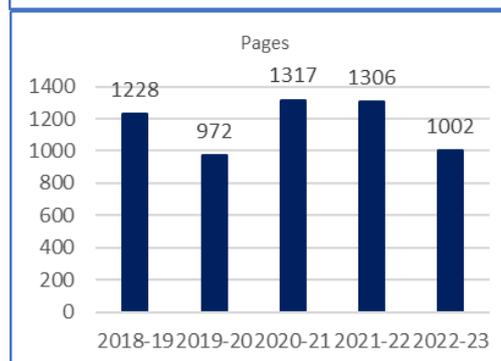
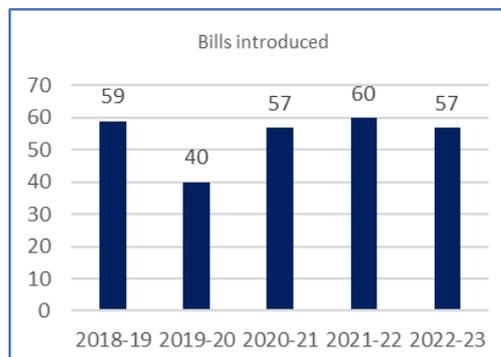
This year, a total of 57 Government Bills were introduced. This was consistent with previous financial years, despite the extended parliamentary break that accompanied the NSW State election in March 2023.

Statute Law Revision

The Statute Law Revision program is an efficient way of making minor amendments to legislation and removing redundant laws. It has 3 aspects—

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

Two Statute Law Bills, the *Statute Law (Miscellaneous Provisions) Bill (No 2) 2022* and the *Statute Law (Miscellaneous Provisions) Bill 2023* were introduced during 2022–23, amending 111 and 97 Acts and instruments respectively.



DRAFTING LEGISLATION FOR NSW

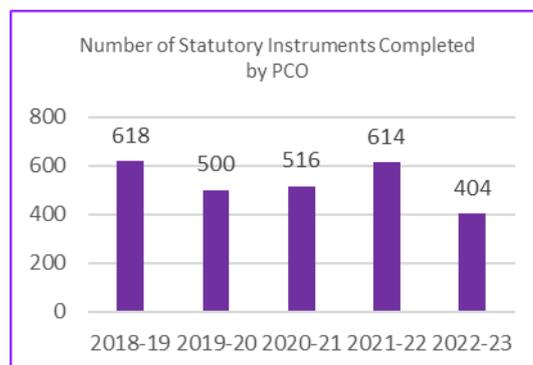
Statutory instruments

PCO drafts regulations, orders and proclamations as well as the Uniform Civil Procedure Rules and specific rules of court for the Supreme Court and other courts and tribunals. The Staged Repeal program is part of this service.

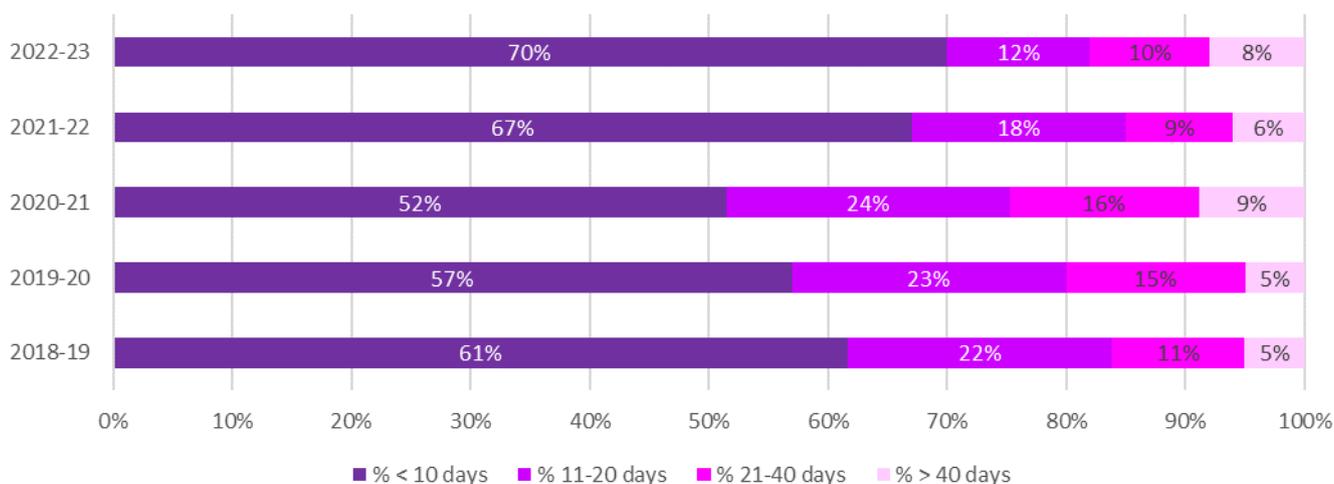
PCO met the target for turnaround time in 2022-23, with 82% of statutory instruments completed within 20 working days.

2022-23 Performance

We aim to draft and provide opinions (where required) on 80% of statutory instruments within 20 working days of receipt of instructions.



Turnaround Times for Statutory Instruments Completed by PCO
(KPI: 80% in ≤ 20 days)



Staged repeal of subordinate legislation

The *Subordinate Legislation Act 1989* provides for the staged repeal of statutory rules following the fifth anniversary of their date of publication. PCO manages this program, including coordinating the work of relevant agencies and drafting new instruments made under the program. The 2021-22 stage of the sub-program was completed on 1 September 2022. Of the 183 instruments reviewed under the program, 11 were repealed, 41 were remade and 131 were postponed.

DRAFTING LEGISLATION FOR NSW

Environmental planning instruments

PCO drafts environmental planning instruments (EPIs) and publishes them on the NSW legislation website. EPIs are made under the *Environmental Planning and Assessment Act 1979*, which is administered by the Minister for Planning and Public Spaces (the Minister). There are 2 types of EPIs—State environmental planning policies (SEPPs) and local environmental planning instruments (LEPs).

SEPPs are made by the Governor and can apply to the whole of the State or a particular area of the State. LEPs are made by the Minister or, if authorised by the Minister, the individual council for the local government area. Each LEP generally applies to a local government area.

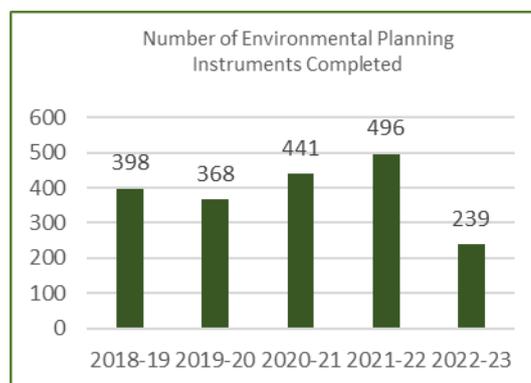
PCO drafts all SEPPs and most LEPs in New South Wales based on instructions received from the Department of Planning and Environment (DPE) on behalf of the Minister. If the Minister authorises a council to make an LEP, PCO receives instructions to draft the LEP directly from the council. Once a SEPP or LEP is made, PCO is responsible for publishing it on the NSW legislation website.

Most SEPPs and LEPs drafted by PCO are amending instruments, meaning they amend an existing SEPP or LEP.

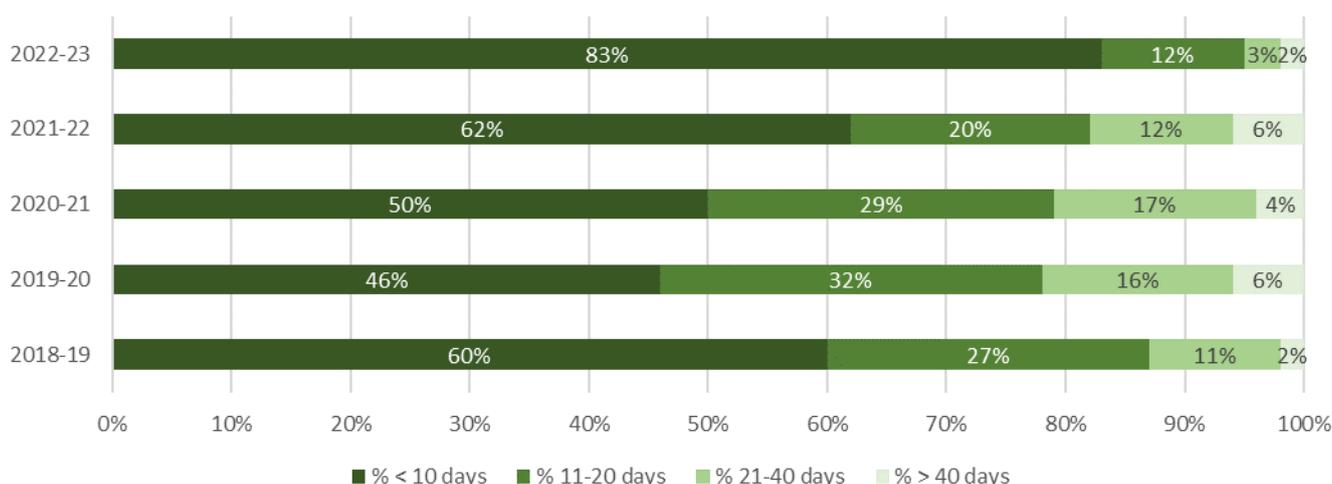
2022-23 Performance

We aim to draft and provide opinions (where required) on 80% of EPIs within 20 working days of receipt of instructions.

PCO met the target for turnaround time in 2022-23, with 95% of EPIs completed within 20 working days.



Turnaround Times for Environmental Planning Instruments Completed by PCO
(KPI: 80% in ≤ 20 days)



DRAFTING LEGISLATION FOR NSW

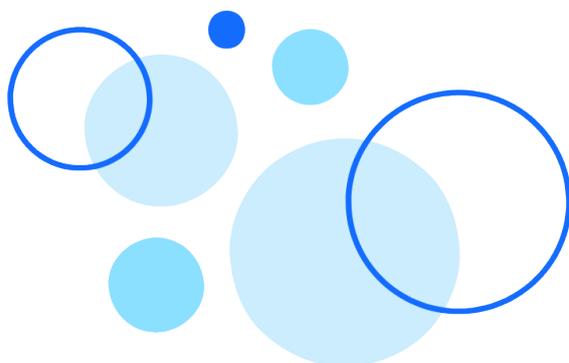
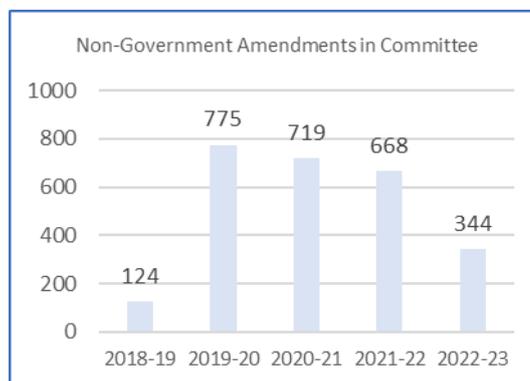
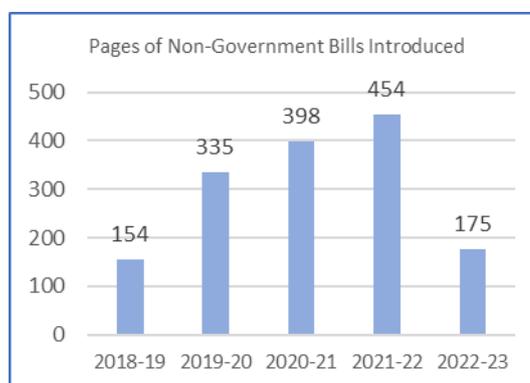
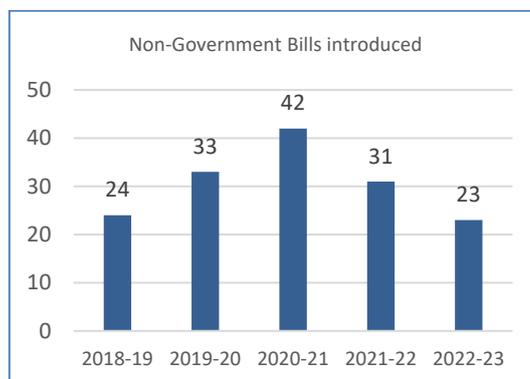
Non-government drafting

PCO drafts Bills and Amendments in Committee for non-government Members of Parliament as requested, in accordance with the arrangements agreed to by the Government. This is subject to the Government's legislative priorities and the availability of resources.

2022-23 Performance

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

While a significant decrease from 2021-22, the volume of non-government drafting work in 2022-23 continued to represent a significant output for the office. The increase in Bill work for non-government members (as measured by the number of Bills and number of pages produced) and in the drafting of Amendments in Committee, when compared with the 56th Parliament (2015-2019), continued into 2022-23.



DRAFTING LEGISLATION FOR NSW

Significant drafting projects: a selection



The *NSW Reconstruction Authority Act 2022*, which establishes the NSW Reconstruction Authority, was drafted in response to the recommendations from the 2022 NSW Flood Inquiry, led by former Chief Scientist & Engineer Professor Mary O’Kane AC and former NSW Police Commissioner Mick Fuller AO APM. The 2022 Flood Inquiry report was presented to the Government in July 2022. Recommendation 15 of the report was to create the NSW Reconstruction Authority. The primary objective of the Act, and therefore the Reconstruction Authority, is to promote community resilience to the impacts of disasters through disaster prevention, preparedness and adaptation, and recovery and reconstruction following disasters.

The NSW Reconstruction Authority is modelled on the Queensland Reconstruction Authority, as per the recommendations of the 2022 Flood Inquiry. The Act provides for the functions and powers of the Reconstruction Authority and provides a single point of reference for reconstructing infrastructure after disasters, strengthening the Government’s recovery response to disaster and building the resilience of communities to potential disasters.

Under the Act, the Reconstruction Authority works closely with emergency services agencies, local councils and other agencies to ensure effective collaboration across disaster prevention, preparation, response and recovery. The Act also establishes an Advisory Board to advise the CEO of the Reconstruction Authority about the Authority’s strategic priorities and to provide advice to both the Minister and CEO in relation to the Authority’s functions generally. The Act requires the preparation of State disaster mitigation plans and disaster adaptation plans, and provides for important planning powers in relation to certain projects, reconstruction areas and disaster prevention areas.

The Bill for the *NSW Reconstruction Authority Act 2022* was introduced into Parliament on 9 November 2022 and passed by Parliament on 17 November 2022. Most of the Act commenced on 28 November 2022, with the remaining provisions commencing on 16 December 2022.



Medicines, Poisons and Therapeutic Goods Act 2022

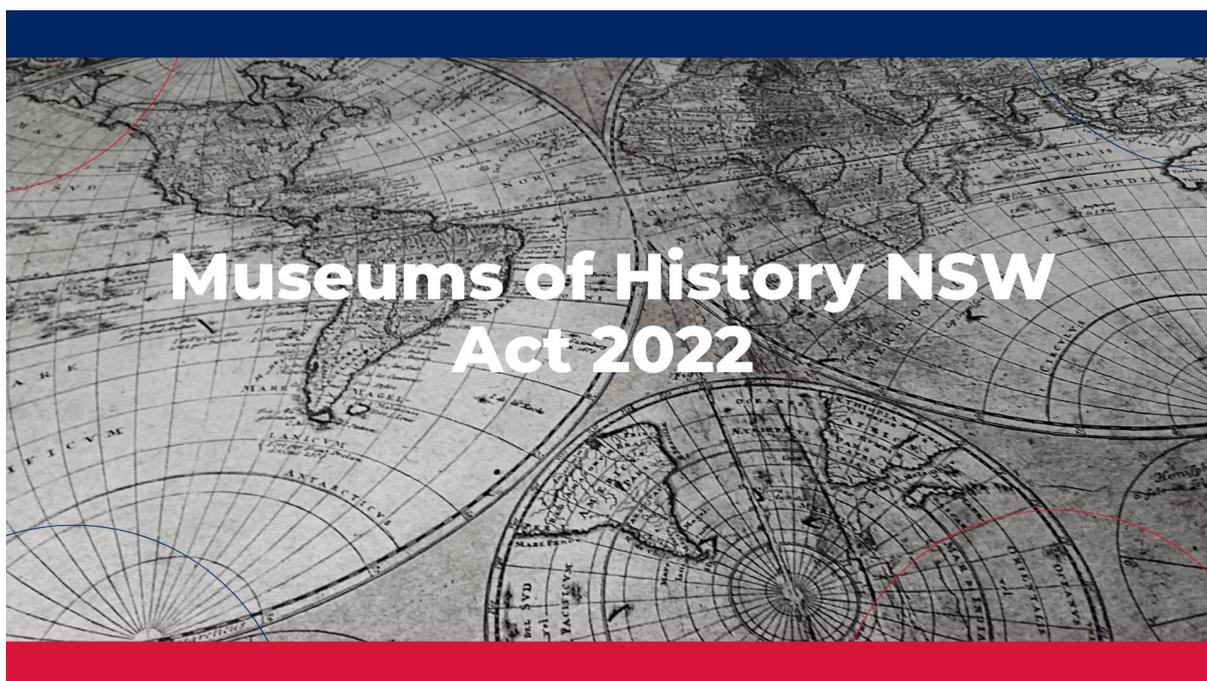
The *Medicines, Poisons and Therapeutic Goods Act 2022* is a principal Act that repeals and replaces the existing *Poisons and Therapeutic Goods Act 1966*, which is almost 60 years old. It is the principal Act governing the supply of medicines, poisons and therapeutic goods in New South Wales, and complements the Commonwealth laws that regulate therapeutic goods.

The drafting of this Bill, which was close to 100 pages in length, took place over several years, and involved a significant update of the existing law, including changes to policy and drafting style, to create a new legislative framework that is up to date.

PCO initially prepared a consultation draft that the Ministry of Health released in April 2022.

The final Bill was introduced into Parliament on 19 October 2022 and passed by both Houses of Parliament on 16 November 2022 without amendment.

The Act has partially commenced. The remaining provisions will commence once the regulations to support the Act are prepared. These regulations will also be drafted by PCO and will replace the *Poisons and Therapeutic Goods Regulation 2008*.



The *Museums of History NSW Act 2022* establishes Museums of History NSW, a new State cultural institution with a focus on preserving and promoting history. Its functions include those transferred from the Historic Houses Trust of New South Wales, previously trading as Sydney Living Museums, and the State Archives and Records Authority of New South Wales. The Act also makes various amendments to the *State Records Act 1998* relating to record-keeping and access to State records.

The Bill for the Act was introduced on 22 June 2022 by Mr James Griffin MP, then Minister for Environment and Heritage.

The main objectives of Museums of History NSW include collecting, managing and preserving State archives, significant buildings and sites and related objects and materials, and increasing public knowledge of, and access to, that collection. The Act transfers the exercise of certain functions relating to records management services and assuming control of and facilitating public access to State records from the State Records Authority NSW to Museums of History NSW.

The amendments made to the *State Records Act 1998* include providing that State records are deemed to be the subject of a direction that the record is open to public access, unless the public office responsible for the record has given a closed to public access direction, 20, rather than 30, years after the record, or the original of which it is a copy, came into existence. The Act also requires public offices to arrange with Museums of History NSW for the transfer of certain State records that are more than 25 years old and to provide a report on the office's record-keeping processes and records management program if requested.

The Bill passed Parliament on 21 September 2022.



This Act amended the *Children and Young Persons (Care and Protection) Act 1998*, the *Advocate for Children and Young People Act 2014*, the *Children (Protection and Parental Responsibility) Act 1997* and the *Ombudsman Act 1974* to implement key recommendations set out in the Final Report of the Family is Culture: Independent Review into Aboriginal and Torres Strait Islander Children and Young People in Out-of-Home Care in New South Wales.

The Act embedded 2 key new principles—the principle of active efforts and the Aboriginal and Torres Strait Islander Child Placement Principle—into the *Children and Young Persons (Care and Protection) Act 1998*. This establishes a positive obligation on the Secretary of the Department of Communities and Justice to make active efforts to prevent children and young persons from entering out-of-home care where it is not safe to do so. Where individuals are removed from their parents or families, the Secretary is required to make active efforts to restore them safely to their parents or place them safely with family, kin or community.

The Secretary's efforts must be timely and practicable, aimed at addressing the grounds on which the child or young person is in need of care and protection, culturally appropriate, and conducted in partnership with the child or young person and the family, kin and community of the child or young person.

The Act also embeds the 5 elements of the Aboriginal and Torres Strait Islander Child Placement Principle published by SNAICC—National Voice for our Children, which collectively aim to enhance and preserve Aboriginal children's sense of identity, as well as their connection to their culture, heritage, family and community. The amendments require all decision-makers to apply each of the 5 elements when making decisions concerning Aboriginal and Torres Strait Islander children, with the aim of ensuring that Aboriginal children, families and community organisations will have greater involvement in decisions that impact Aboriginal families.

The Government undertook significant consultation with Aboriginal people, community representatives and other stakeholders in drafting the Act, including Aboriginal community-controlled peak organisations and our Coalition of Aboriginal Peak Organisations partners, AbSec and the Aboriginal Legal Service, in relation to the amendments in the Act. It also heard from legal stakeholders, particularly the Children's Court of New South Wales, about the operational impact of the recommendations relating to court proceedings.

The Act was passed by Parliament on 10 November 2022.

DRAFTING LEGISLATION FOR NSW

Australasian Parliamentary Counsel's Committee drafting program

What is PCC?

The Australasian Parliamentary Counsel's Committee (PCC) comprises the heads of Australian and New Zealand drafting offices. PCC coordinates the drafting of national legislation that applies in Australian jurisdictions. PCC meets quarterly, allowing the heads of Australian and New Zealand drafting offices to share information about drafting legislation and managing drafting offices. PCC also facilitates—

- drafting conferences, which include seminars about specific aspects of legislative drafting, to give drafters from Australian, New Zealand and Asia-Pacific jurisdictions an opportunity to network and learn from one another, and
- IT, publishing and office systems forums, which allow Australian, New Zealand and Asia-Pacific drafting offices to exchange information about systems common to drafting offices, including systems for drafting legislation and systems that allow the public to access legislation.

More information about the work of PCC, the national uniform legislation drafted by PCC and the protocol for drafting national uniform legislation is available at www.pcc.gov.au.

NSW PCO's role in PCC

For several years, the NSW Parliamentary Counsel has been the PCC Secretary, responsible for coordinating PCC's work. A junior drafter at NSW PCO provides secretariat support to PCC, including by—

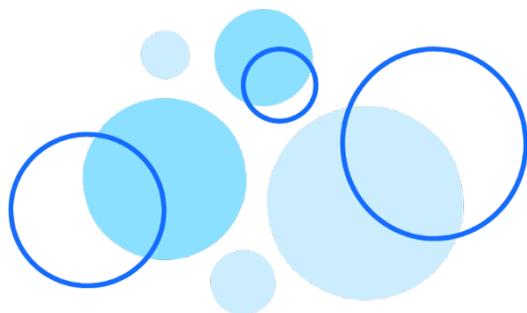
- keeping records of PCC meetings,
- liaising with instructors and drafters about PCC drafting projects, and
- updating the internal PCC Portal, used by drafters in Australian drafting offices to circulate and comment on PCC drafting projects, and the public PCC website.

NSW PCO also drafts a significant number of PCC drafting projects and regularly provides comments on PCC drafting projects being drafted by other jurisdictions.

2022- 23 Performance

PCC held four ordinary quarterly meetings in 2022-23.

In 2022-23, PCC completed drafting projects including the National Gas Amendment (East Coast Gas System) Rule 2023, the Health Practitioner Regulation National Law (Surgeons) Amendment Bill 2023 and the Model Work Health and Safety Regulations (Engineered Stone) Amendment 2023. NSW PCO drafted a significant number of the drafting projects completed by PCC in 2022-23 and provided comments on the drafting projects drafted by other jurisdictions.



DRAFTING LEGISLATION FOR NSW

Engagement

Instructor training

PCO provides a range of drafting services across multiple legislative drafting programs. Instructors work with drafters to produce exceptional legislation for New South Wales, following strict drafting practices.

The instructor training program consists of a series of short drafter-led training sessions aimed at improving how we work together with agencies responsible for providing drafting instructions.

The sessions include an overview of the drafting process from the legislative drafter's perspective and tips on how to effectively instruct PCO throughout the process. The sessions also provide an opportunity for drafters and instructors to meet, ask questions and discuss matters of common interest.

Instructors are invited to share insights into the policy and legislative process from their perspective, which assists the drafting team to respond better to the needs of instructors.

The shift to hybrid working has allowed PCO to provide instructors with a mix of online and in-person sessions. We held 2 online training sessions for instructors across the Government sector in July 2022, and tailored sessions for the Department of Customer Service in August 2022 (Office of the Secretary), February 2023 (Digital.NSW) and March 2023 (Better Regulation Division). We also held a tailored online session for staff of the Department of Education in December 2022.

In March 2023 we held an in-person session for the Legislation and Policy team at the Department of Planning and Environment and in April 2023 we held an in-person session for the Office of the NSW Commissioner of Police. In-person events allow drafters and instructors to engage more directly in discussions of common goals.

Speaking and external engagements

Annette O'Callaghan delivered two guest lectures on legislative drafting at the University of Sydney in October 2022. In April 2023 she delivered police force instructor training, and in June 2023 Annette delivered a presentation to the court services, Department of Communities and Justice on drafting processes. In her absence, Richard Hurford represented PCO at the Law Society round table in February 2023.

Staff from PCO presented at the Australian Energy Market Commission in April 2023, providing an overview of PCO and the drafting, access and information services we provide. Similarly, in June 2023, PCO staff presented at the monthly meeting of the Law Society of NSW's Young Lawyers Public Law and Government Sub-Committee.

Guests from the New Zealand PCO visited PCO in June 2023 to discuss drafting projects and IT projects relating to the production of legislation.

Internal engagements

In September 2022 Sam Lee, Senior Solicitor (Police Powers and Administrative Law) at Redfern Legal Centre, gave a presentation on the impact of public health orders.

In February 2023 PCO staff attended the 2023 Constitutional Law online conference run by the Gilbert + Tobin Centre of Public Law at UNSW.

Social media

PCO reaches a broad audience through social media, including staff, prospective employees, instructors, MPs and other key stakeholders.

We made 93 LinkedIn posts during the 2022–23 financial year, achieving an average engagement rate of 5.82%, up 0.6% from last year. We ended the period with 1,551 followers, an increase of 372 from the previous period.

DRAFTING LEGISLATION FOR NSW

PCO Standard

To coincide with the opening of the 58th Parliament on Tuesday 9 May 2023, PCO launched the PCO Standard.

The PCO Standard is a guide to legislative drafting in New South Wales. It acts as both a style guide and a manual for drafters and editors at PCO.

The objective of the document is to provide a collective base for legislative drafting resources in the office and ensure a consistent style is implemented by PCO for the NSW statute book. It contains, for example, information about the construction of different provisions, agreed approaches to style, precedents, amendment styles, preferred spellings and guides to implementing plain English.

The PCO Standard is produced and maintained by the Legislative Practices Committee. PCO decided to make the PCO Standard publicly available to offer instructing officers and users of legislation insight into PCO's approach to drafting and provide guidance and general information about the interpretation of legislation. It is accessible through the NSW legislation website.

The PCO Standard will continue to be updated as further information is added and matters dealt with in the PCO Standard are refined or further developed.

Legislation Editing and Access

The longer break between Parliament sessions in 2022-23 afforded the Legislation Editing and Access (LEA) team the opportunity to update training and procedural resources for maintaining the legislation database, making a concerted effort to gather and implement feedback on varied learning styles and experiences. Procedural manuals were updated to account for style modifications, particularly in anticipation of future system development.

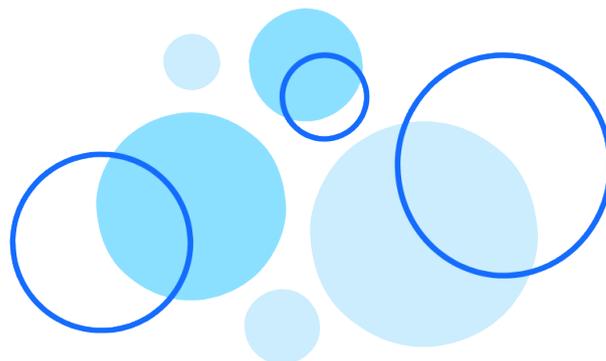
The team researched and identified common Gazette enquiries and developed template responses to ensure the provision of timely and consistent information to Gazette clients, users and other stakeholders. Training materials were also updated for the notification of statutory instruments, improving the onboarding process for newer team members.

Training modules in all aspects of editorial checking were reviewed and updated, including the creation of quick reference guides and other materials on editing Bills, Amendments in Committee, statutory instruments and environmental planning instruments. The updated modules take in drafting style updates and system developments.

Gazette portal

Many statutory instruments must be published in the NSW Government Gazette. The NSW Government Gazette is officially published on the NSW legislation website.

The process of publishing a statutory instrument in the Gazette online is currently undertaken by PCO and regularly requires staff to work outside ordinary business hours to ensure that instruments can be published within required timeframes. Significant progress was made during 2022-23 on a project to enable agencies to automatically publish statutory instruments in the Gazette.



MAKING LEGISLATION ACCESSIBLE IN NSW

NSW legislation website and database

PCO provides free public access to an authorised, up-to-date collection of NSW legislation through the NSW legislation website. The website collections include In Force and Repealed legislation, including point-in-time historical versions of those titles, As Made legislation, and other information about legislation in an easily accessible and searchable format. Website features include—

- the up-to-date collection of In Force and Repealed NSW Acts and subordinate legislation, including EPIs, which is authorised under the *Interpretation Act 1987* as correct and is presented in HyperText Markup Language (HTML) format but is also downloadable in PDF and Extensible Markup Language (XML) format,
- official online notification of the making of new statutory instruments, including EPIs,
- superseded and repealed versions of legislation to provide point-in-time access (in HTML format but also downloadable in PDF and XML format),
- official publication of the NSW Government Gazette online,
- a static archival collection of Acts dating back to 1824 and a range of subordinate legislation,
- consultation drafts of Bills and copies of Bills (including explanatory notes) at all stages of the parliamentary process, and Amendments in Committee,
- information tables about legislation,
- legislation feeds (RSS feeds) for users to monitor legislation,
- a (now archived) COVID-19 legislation page providing links in one place to all NSW COVID-related legislation, including up-to-date versions of all public health orders and point-in-time access to versions no longer in force, and
- a new static page for statutory instruments prepared by other agencies (launched on 1 July 2023).

The legislation website is based on a comprehensive database that captures NSW Acts and principal statutory instruments, which is updated when laws are amended. The database is currently compiled and stored in Standard Generalized Markup Language (SGML) format. All superseded versions are preserved to provide a point-in-time repository.

The following table shows the number of current, historical and repealed SGML versions maintained on the NSW legislation website (figures are rounded):

	2018-19	2019-20	2020-21	2021-22	2022-23
Acts	19,960	17,400	17,800	18,300	18,700
Statutory instruments (excl. EPIs)	9,200	9,600	10,000	10,500	10,800
EPIs	8,250	9,100	10,100	11,400	12,100

MAKING LEGISLATION ACCESSIBLE IN NSW

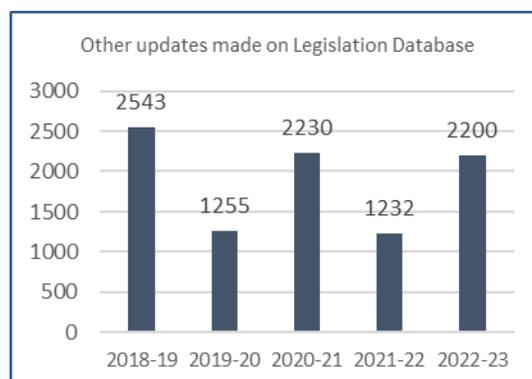
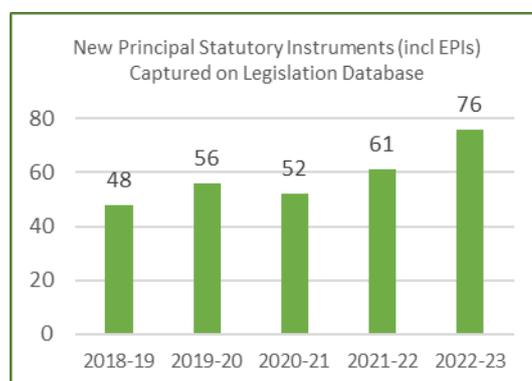
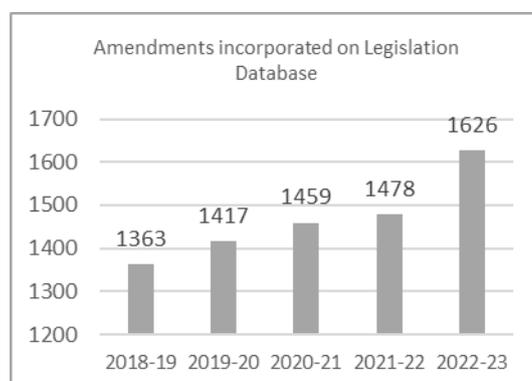
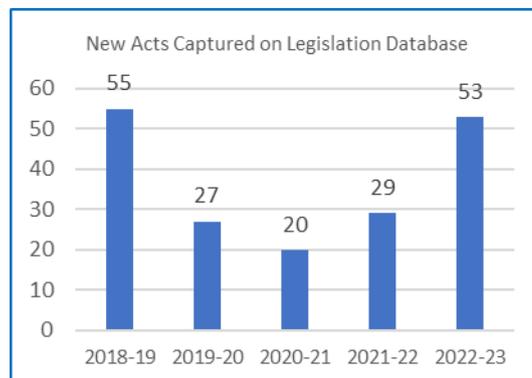
The NSW legislation website continues to deliver accurate, current and point-in-time access to NSW legislation, and information about legislation, with a constant pattern of high usage.

A website feedback email box is in operation, offering a response service for questions, problems and website development suggestions.

2022-23 Performance

We aim to—

- *maintain the reliable, accurate and timely functioning and updating of the website,*
- *monitor and maintain the website to ensure accessibility and usefulness,*
- *capture all new principal Acts within 3 working days of authorisation by parliamentary officers following assent²,*
- *capture all new principal statutory instruments, including EPIs, within 3 working days of publication, and*
- *update the database within 3 working days of any amendment commencing or other activity.*



² From 1 July 2020, PCO no longer captured amending Acts in the In Force collection.

MAKING LEGISLATION ACCESSIBLE IN NSW

Publication of orders and notifications

PCO provides official notification on the NSW legislation website of the making of new statutory instruments. We also produce and publish the NSW Government Gazette on the same website.

The legislation website has search functionality to enable filtered searching across specific types of legislation, including As Made (notified) instruments from 1990.

The website also has a comprehensive search facility that enables searching across multiple Gazettes and other notified statutory instruments from 2001 onwards. Other Gazette content is accessible through links, including an archive of previous Gazettes and Gazette indexes.

2022-23 performance

We aim to—

- publish new statutory instruments, including EPIs, on the NSW legislation website on a cumulative basis each week, including urgent publications, and
- publish Government Gazettes on the NSW legislation website on a cumulative basis each week, including urgent publications.

RSS feeds further enhance public access for users monitoring specific legislation.

Statutory instruments published in the Gazette are lodged via a portal and published in subject category volumes, as nominated by the person lodging the notice.

The table below shows a continued increase in the number of pages of statutory instruments and EPIs made during 2022-23. This reflects the quantity and size of statutory instruments remade under the *Subordinate Legislation Act 1989*, such as the *Dangerous Goods (Road and Rail Transport) Regulation 2022* (112 pages) and the *Work Health and Safety (Mines and Petroleum Sites) Regulation 2022* (176 pages). Four principal standard instrument local environmental plans, each more than 100 pages, were also published on the legislation website, including the *Inner West Local Environmental Plan 2022* (233 pages).

Statutory instruments (excl. EPIs)	2018-19	2019-20	2020-21	2021-22	2022-23
Number officially made	455	460	417	385	480
Pages	2,778	4,036	3,166	4,060	4,379
EPIs					
Number officially made	356	315	365	387	448
Pages	1,056	1,211	1,373	2,197	3,033
Government Gazettes					
Number	150	256	552	655	618
Pages	8,495	7,127	7,155	8,954	9,076

The ongoing varroa mite threat to NSW bee populations continued to contribute to large figures for Government Gazettes published during 2022-23 as measures were adopted to tackle the spread. In total, 29 orders were published in the latter half of 2022 and another 20 throughout the first half of 2023, each requiring urgent gazettal after being made.

The death of Queen Elizabeth II on 8 September 2022 led to a special Gazette publication not seen in 70 years: a proclamation by the Governor of New South Wales declaring King Charles III as King of Australia and Head of the Commonwealth.

MAKING LEGISLATION ACCESSIBLE IN NSW

Maintaining and developing legislative systems

LEGIS / ADaPT

PCO's integrated legislative system comprises the customised FrameMaker drafting and publishing tool, the bespoke LEGIS document management system and the public-facing NSW legislation website.

2022-23 Performance

We aim to—

- *provide timely maintenance and support for legislative drafting and access systems (including hardware, software and networking), and*
- *ensure that new and enhanced systems are implemented in accordance with the relevant project plan.*

Work on the ADaPT project—an upgrade of LEGIS—was the continued focus of system development work in 2022-23. However, challenges within the ICT labour market have resulted in delays in the implementation of the ADaPT system. Originally planned for release during the 2023 NSW State election, the rollout of the new system is now expected early in 2024.

Once ADaPT is implemented, further work will begin on developing a strategic ICT roadmap that considers drafting and access needs over the longer term, given the highly specialised nature of legislative drafting and publishing software.

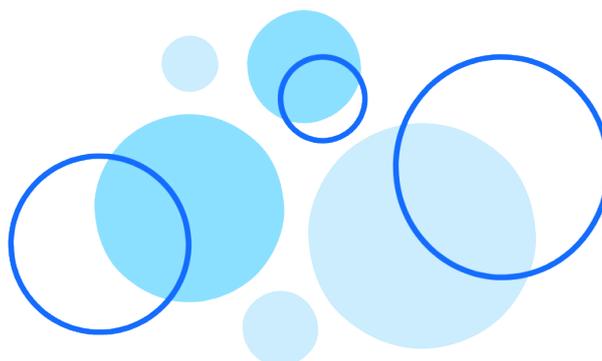
Providing information about legislation

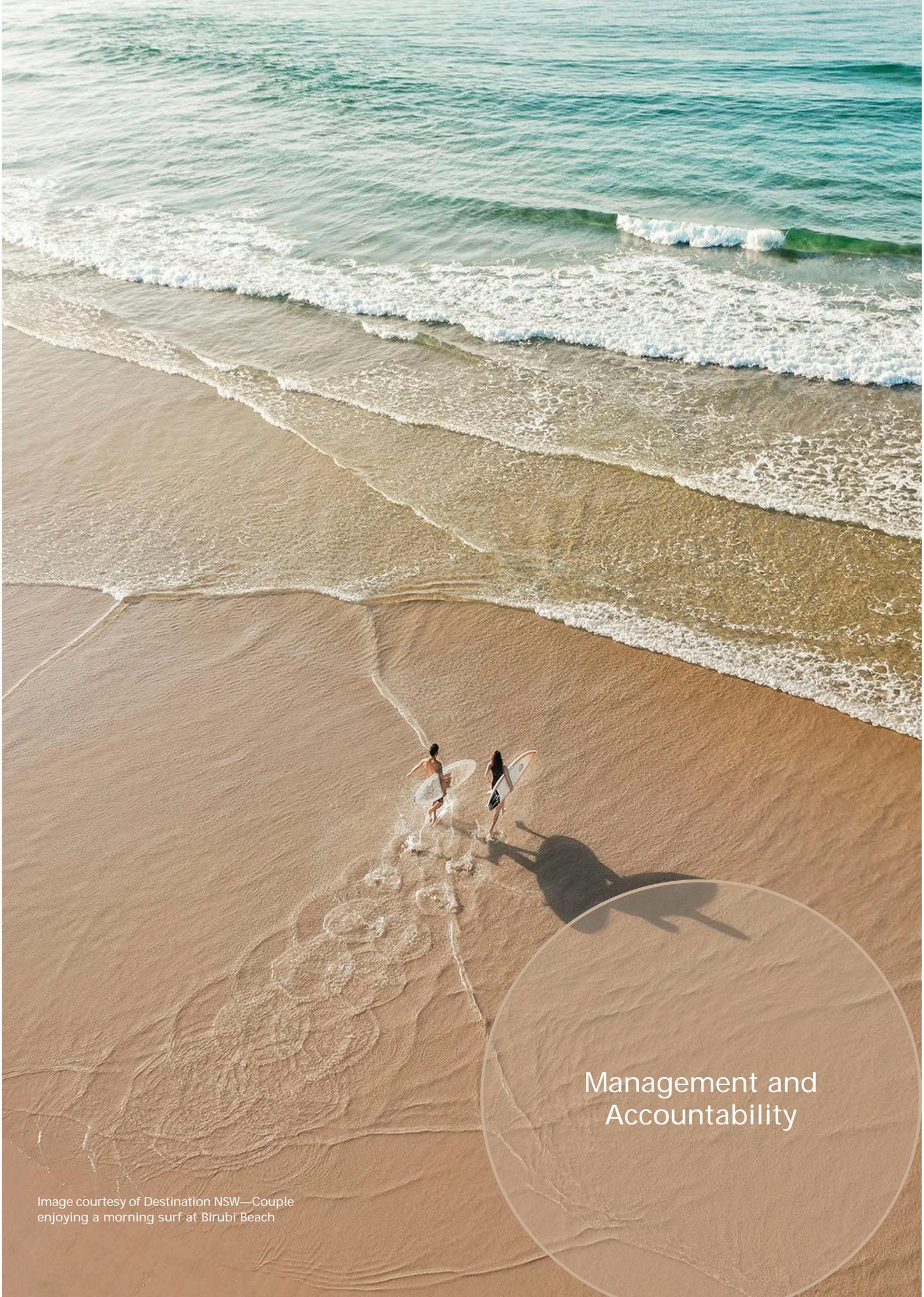
PCO's Website Help and Website Feedback services assist with enquiries by telephone and email about the status of NSW legislation and using the legislation website. We can provide referrals to other organisations but cannot provide statutory interpretation or other legal advice.

2022-23 Performance

We aim to respond within 2 hours to all telephone and email enquiries received within business hours with accurate, up-to-date information or referral to a more appropriate source.

The Website Help and Website Feedback teams' 2-hour response window allows time for comprehensive research and provision of tailored advice to customers or referral to other agencies if appropriate. A set of template responses, which is expanded as required, ensures a consistent approach and quality of information.





Management and Accountability

Image courtesy of Destination NSW—Couple
enjoying a morning surf at Birubi Beach

NUMBERS AND REMUNERATION OF SENIOR EXECUTIVES

The following information is provided in accordance with the Public Service Commission Circular 2014-09.

Senior executives by band and gender

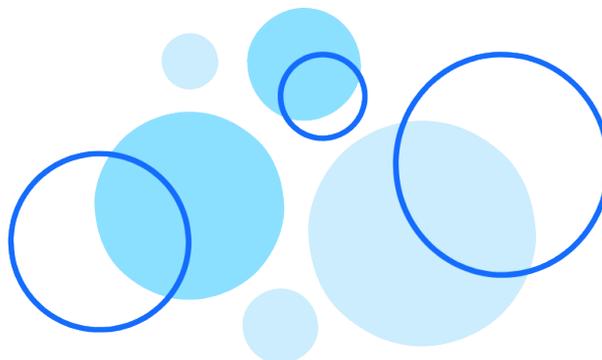
Gender:	2021-22		2022- 23	
	Male	Female	Male	Female
Band 3	-	1	-	1
Band 2	3	-	3	1
Band 1	4	6	4	6
Total	7	7	7	8

Senior executives by band and remuneration*

Range (\$)	Average remuneration	
	2021-22 (\$)	2022-23 (\$)
Band 3 361,301 – 509,250	463,062	472,324
Band 2 287,201 – 361,300	341,271	323,738
Band 1 201,350 – 287,200	235,107	226,349

*Remuneration figures do not include long-service leave payments.

In 2022-23, 53.8% of PCO's employee-related expenditure was related to employees engaged in the senior executive bands, compared with 46.5% in 2021-22³.



³ The 2021-22 Annual Report erroneously reported a figure of 36% for 2021-22.

HUMAN RESOURCES

Officers and employees by category

As at 30 June 2023, PCO employs 52 staff (48.7 full-time equivalent). Approximately half of PCO's employees are legislative drafters. The executive staff and legal officers are principally involved in the drafting and development of legislation and in providing the range of legal and administrative services associated with these activities. The balance of PCO staff includes editorial, access, IT, administrative and support staff. Access and editorial staff are multi-skilled and trained to work across all production areas.

PCO staff by employment category and gender*

As at	30 June 2020		30 June 2021		30 June 2022		30 June 2023	
Gender:	M	F	M	F	M	F	M	F
Permanent full-time	9	19	14	27	14	20	7	16
Permanent part-time	0	7	0	7	1	3	3	3
Temporary full-time	2	5	3	5	6	6	5	3
Temporary part-time	0	2	1	1	1	0	0	0
Senior executives	6	8	7	8	7	7	7	7
On long-term leave without pay	0	3	0	1	0	0	0	1
Total by gender	17	44	25	49	29	36	22	30
Total	61		74		65		52	

*Excludes contract drafters engaged on a project basis

Exceptional movements in wages, salaries or allowances

There were no exceptional movements in wages, salaries or allowances. A salary increase of 2.5% was paid to staff in accordance with the *Crown Employees (Public Sector - Salaries 2019) Award* and 2.0% to senior executive staff in accordance with the 2022 Statutory and Other Offices Remuneration Tribunal annual review.

Personnel policies and practices

All staff are subject to formal performance management involving performance agreements with progress and annual reviews. PCO's performance management framework is based around three key principles—ongoing conversations, no surprises and collegiate feedback.

This framework outlines the responsibilities of employees and managers and emphasises the importance of collegiate feedback when assessing an employee's performance, recognising that most PCO employees work across multiple business programs and report to multiple managers. Collegiate feedback also enables peers and employees to provide feedback on colleagues and supervisors, if desired.

Throughout 2022-23 a significant investment was made in reviewing and updating personnel and corporate policies, which are located on the PCO website.

CONSULTANTS

Consultants were engaged by PCO during 2022–23 for a total value of \$120,284 as follows—

Over \$50,000

KPMG reviewed PCO’s cyber maturity and developed a roadmap for improvement (\$57,500).

KPMG reviewed PCO’s Information and Communications Technology function and service delivery model and made recommendations to improve its effectiveness and structure (\$62,784).

PROMOTION

Overseas visits

PCO occasionally funds overseas visits for its staff for the purposes of knowledge development, benchmarking and keeping abreast of global best practice in drafting. There were no overseas visits undertaken by PCO staff during 2022–23.

RISK MANAGEMENT AND INSURANCE ACTIVITIES

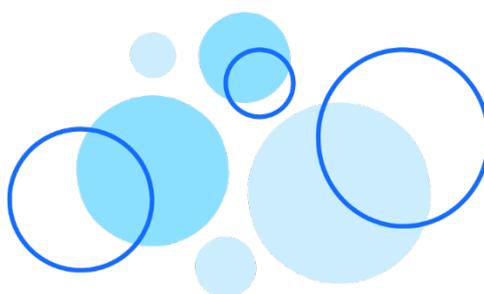
Risk management

PCO maintains a Risk Management Policy and Framework under which risks are identified, assessed and treated as required. Risks and any relevant treatment plans are recorded in our Risk Register, which is regularly reviewed.

Responsibility for risk treatment activities is assigned to specific senior executives and activities are regularly monitored by PCO management.

Insurance

In 2022–23, PCO had insurance cover for all major assets and significant risks through the NSW Government self-insurance scheme (the NSW TMF). This included full workers compensation, property, public liability and miscellaneous insurance cover.



Internal audit and risk management policy attestation

Parliamentary Counsel's Office

Internal Audit and Risk Management Attestation Statement for the 2022–23 Financial Year for the Parliamentary Counsel's Office

I, Annette O'Callaghan, am of the opinion that the Parliamentary Counsel's Office has internal audit and risk management processes in operation that are compliant with the seven (7) core requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector*, specifically:

Risk Management Framework

- | | | |
|-----|---|-----------|
| 1.1 | The Accountable Authority shall accept ultimate responsibility and accountability for risk management in the agency. | Compliant |
| 1.2 | The Accountable Authority shall establish and maintain a risk management framework that is appropriate for the agency. The Accountable Authority shall ensure the framework is consistent with AS ISO 31000:2018. | Compliant |

Internal Audit Function

- | | | |
|-----|--|-----------|
| 2.1 | The Accountable Authority shall establish and maintain an internal audit function that is appropriate for the agency and fit for purpose. | Compliant |
| 2.2 | The Accountable Authority shall ensure the internal audit function operates consistent with the International Standards for Professional Practice for Internal Auditing. | Compliant |
| 2.3 | The Accountable Authority shall ensure the agency has an Internal Audit Charter that is consistent with the content of the 'model charter'. | Compliant |

Audit and Risk Committee

- | | | |
|-----|---|-----------|
| 3.1 | The Accountable Authority shall establish and maintain efficient and effective arrangements for independent Audit and Risk Committee oversight to provide advice and guidance to the Accountable Authority on the agency's governance processes, risk management and control frameworks, and its external accountability obligations. | Compliant |
| 3.2 | The Accountable Authority shall ensure the Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'. | Compliant |

Membership

The independent chair and members of the Audit and Risk Committee are:

- Independent Chair, Marcia Doherty (October 2021, term expires October 2024)
- Independent Member, Garry Dinnie (October 2017, term expires March 2024)
- Independent Member, Christine Feldmanis (December 2017, term expires November 2023)

Shared Arrangements

I, Annette O'Callaghan, advise that the Parliamentary Counsel's Office has entered an approved shared arrangement with the Department of Premier and Cabinet, State Archives and Records Authority, and Greater Sydney Commission. This arrangement includes a common Audit and Risk Committee and shared internal audit resources.



ANNETTE O'CALLAGHAN
Parliamentary Counsel

5 September 2023

Contact Officer:
Mark Reid
Chief Operating Officer
T: (02) 9289 1863

PUBLIC INTEREST DISCLOSURES

Parliamentary Counsel's Office

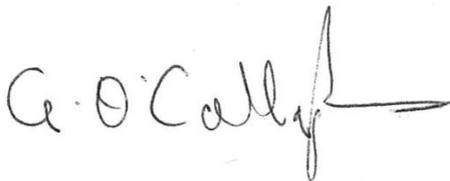
Cyber Security Annual Attestation Statement for the 2022-23 Financial Year

I, Annette O'Callaghan, am of the opinion that the Parliamentary Counsel's Office is actively managing cyber security risks in a manner consistent with the guidance set out in the NSW Cyber Security Policy (the Policy). The Parliamentary Counsel's Office is, however, not fully compliant with all the requirements of that Policy. This is in part due to significant changes in staffing in the ICT function over the reporting period.

Governance is in place to assess and manage the cyber security maturity and initiatives of the Office. Key risks have been assessed and are currently being managed within the constraints of the existing resources and capabilities of the Office. A small number of mandatory requirements within the maturity model have a 2022-23 target maturity level below threshold, and residual risks will be tracked and managed.

A key focus in 2022-23 has been on further developing a range of policies and playbooks to support compliance and an effective response to issues. Significant progress has been made on this framework in the 2022-23 reporting period, with the engagement of external expertise to develop key policies and a roadmap to support maturity uplift.

The Parliamentary Counsel's Office is continuing to invest in resources to progress the full program of work that is needed to achieve greater maturity against the requirements in the Policy and the Australian Cyber Security Centre Essential Eight.



ANNETTE O'CALLAGHAN
Parliamentary Counsel
16 October 2023



PUBLIC INTEREST DISCLOSURES

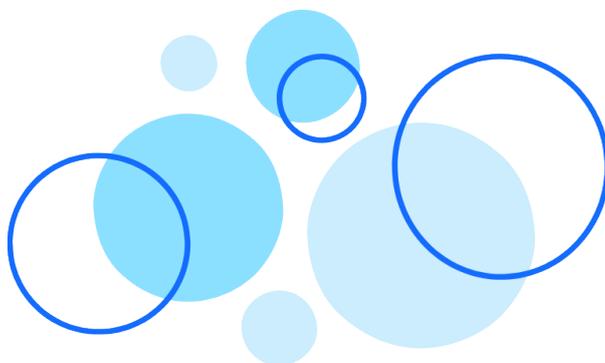
The GSF Act requires a statement of the action taken by PCO in complying with the requirements of the *Privacy and Personal Information Protection Act 1998* (the PPIP Act), and statistical details of any review conducted by or on behalf of PCO under Part 5 of that Act.

PCO has a Privacy Management Policy that is published to PCO staff on the office intranet site (Gulbarra) and is available on www.pco.nsw.gov.au. The policy, which was reviewed in May 2023, outlines PCO's obligations under the PPIP Act and the *Health Records and Information Privacy Act 2002*. They include obligations in relation to data security, data quality and rights of access and amendment to one's own personal information, as well as how personal information may be collected, used and disclosed.

PCO's Privacy Management Policy notes that personal information will be handled in accordance with the PPIP Act. The policy also outlines the treatment of information about a person's health and disability disclosures, and the principles and practices that ensure the anonymity associated with such records.

PCO's business operations do not require significant interaction with the public. As a result, most of the personal information held by PCO relates to its employees. Information about how PCO handles the personal information of its employees is accessible to staff on Gulbarra.

No internal reviews were conducted by or on behalf of PCO under Part 5 of the PPIP Act during the 2022–23 financial year. During 2022–23, the Chief Operating Officer was PCO's Privacy Officer.



PUBLIC INTEREST DISCLOSURES

The *Government Information (Public Access) Act 2009* (GIPA Act) provides for public access to Government-held information and the proactive public release of Government information. PCO maintains a page on www.pco.nsw.gov.au dedicated to information the Act requires to be made available. This right of access is restricted only when there is an overriding public interest against disclosing the information. PCO cannot release Cabinet documents because there is an overriding public interest against disclosing these documents to the public. PCO cannot release certain documents covered by legal professional privilege without the client's permission as privilege rests with the client.

Review of release of Government information

Under section 7 of the GIPA Act, agencies must review their programs for the release of Government information to identify the kinds of information that can be made publicly available. This review must be undertaken at least once every 12 months and PCO complied with this requirement in 2022–23. In addition to the current and historical legislation of New South Wales, the following documents are made available to the public—

- a range of corporate publications and policies, such as previous Annual Reports and the Code of Conduct
- information sheets, manuals and circulars about the process for the making of legislation
- a series of drafting practice documents that provide insight into drafting matters such as the use of plain language, gender-neutral language and savings and transitional provisions in legislation.

Proactive release of information in 2022–23

PCO's program for the proactive release of information involves increasing the availability of legislation and information about legislation on the NSW legislation website and the PCO corporate website. During 2022–23, the following material was made available—

- All new legislative material relevant to the NSW statute book was added to the legislation website in accordance with the *Interpretation Act 1987*. The In Force versions of this material continue to be available as downloadable XML or PDF files so they can be easily re-used by publishers and other users of legislation.
- Additional functionality supporting point-in-time searches of legislation and downloading of XML files, including bulk downloads, was added to the website, providing improved access to legislation.

GIPA applications 2022–23

PCO also reviews any information sought and released pursuant to GIPA access applications received over the reporting year to determine whether the information should be released to the public generally, as well as to the applicant. Clause 8(b) and (c) of the *Government Information (Public Access) Regulation 2018* requires agencies to report on the number of applications received and refused respectively.

PCO received no GIPA applications in 2022–23.

PUBLIC INTEREST DISCLOSURES

Section 31 of the *Public Interest Disclosures Act 1994* requires each public authority to prepare an annual report on its obligations under the Act¹.

In accordance with clause 4 of the *Public Interest Disclosures Regulation 2011*, the following information is provided on public interest disclosures for the period 1 July 2022 to 30 June 2023—

Public interest disclosures 2022–23	No.
Public interest disclosures made by public officials in performing their day-to-day functions	0
Public interest disclosures not covered by the above that are made under a statutory or other legal obligation	0
All other public interest disclosures	0
Number of public interest disclosures relating to possible or alleged—	
• corrupt conduct	0
• maladministration	0
• serious and substantial waste of public money	0
• Government information contraventions	0
• local government pecuniary interest contraventions.	0
Total number of public interest disclosures received	0

PCO has a Public Interest Disclosures Policy that is available to all staff. Section 6CA of the *Public Interest Disclosures Act 1994* requires each public authority to provide a report for each 6-month period to the Ombudsman on its compliance with that Act. PCO reported to the Ombudsman that there were no disclosures during 2022–23.

EXTERNAL COSTS INCURRED IN PRODUCTION OF REPORT

There were no external costs to produce this annual report.

1. The PID Act 1994 will be replaced by the PID Act 2022 (assented 13 April 2022). PID Act 2022 commenced on 1 October 2023. The Ombudsman has advised that after the new Act is in force, the Public Interest Disclosures will not be required for annual reports anymore.



Sustainability

Image courtesy of Destination NSW—Surfers heading for a morning surf at Bondi Beach

DIVERSITY AND INCLUSION

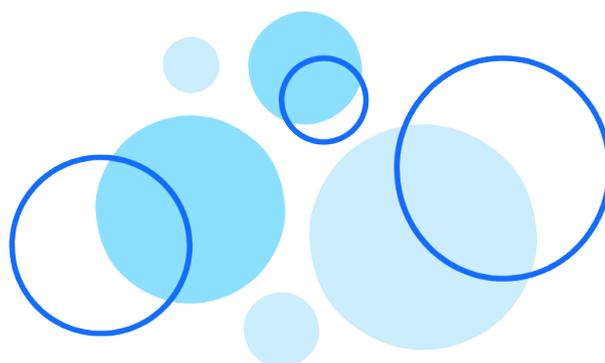
Trends in the distribution of equal employment opportunity (EEO) groups

EEO Group Source: Public Service Commission Workforce Profile Data	Benchmark/ target	2021	2022	2023
Women ¹	50%	65.9%	56.9%	59.0%
Aboriginal and Torres Strait Islander people ²	3%	0%	0%	0%
People whose first language spoken as a child was not English ³	23.2%	14.9%	13.7%	18.0%
People with a disability ⁴	5.6%	6.38%	9.8%	7.0%
People with a disability requiring work-related adjustment ⁵	N/A	6.38%	9.8%	0%

Notes on trends in the representation of EEO groups:

- 1: The benchmark of 50% for representation of women across the sector is intended to reflect the gender composition of the NSW community.
- 2: The NSW Public Sector Aboriginal Employment Strategy 2019-25 sets a target of 3% Aboriginal and Torres Strait Islander employment at each grade of the public sector by 2025.
- 3: A benchmark from the Australian Bureau of Statistics (ABS) Census of Population and Housing has been included for people whose first language spoken as a child was not English. The ABS Census does not provide information about first language but does provide information about country of birth. The benchmark of 23.2% is the percentage of the NSW general population born in a country where English is not the predominant language.
- 4: The NSW Premier's Priorities aim to have 5.6% of Government sector roles held by people with a disability by 2025.
- 5: Work is underway to improve the reporting of disability information in the sector to enable comparisons with population data. For this reason, no benchmark has been provided for people with a disability requiring work-related adjustment.

PCO does not publish a table outlining the distribution of the Workforce Diversity groups across salary bands as these indices are not calculated when the number of employees in the respective Workforce Diversity groups is less than 20 or when the number of other employees is less than 20. PCO has no Workforce Diversity group with more than 20 employees within any one salary band.



DIVERSITY AND INCLUSION

Workforce diversity strategies

We incorporate our Multicultural Policies and Services Plan into our Diversity and Inclusion Policy and Plan. This plan includes the following objectives—

- providing services to support a diverse community,
- attracting and recruiting a diverse workforce,
- retaining and developing a diverse workforce, and
- providing support for targeted diversity workgroups.

We're meeting these objectives by—

- providing an environment where staff are comfortable sharing their views
- promoting diversity principles during staff induction,
- ensuring all policies and procedures comply with and support equity standards,
- referencing the capability framework in role descriptions, recruitment processes and our performance management system,
- offering flexible work options (including part-time work and working from home), and
- acknowledging and celebrating key events such as Mardi Gras, Harmony Day and NAIDOC week.

PCO staff are covered under the Department of Premier and Cabinet's Flexible Working Hours Agreement (September 2021). The agreement supports flexible working and provides advice and direction for managing flexible working hours.

PCO has not entered into any agreements with Multicultural NSW under the *Multicultural NSW Act 2000*.

Multicultural strategies proposed for the 2023-24 financial year

PCO plans to consult with legal organisations working closely with culturally and linguistically diverse communities with a view to developing online resources to help these communities access and understand legislation on the NSW legislation website.

Disability inclusion action plans

As an executive agency, PCO is not required to have a Disability Inclusion Action Plan, as defined in the *Disability Inclusion Act 2014*. We are, however, committed to a workplace of improved employment access and participation for people with disability, which includes—

- facilitating building access, including lifts and bathrooms for people with a disability,
- prioritising workplace adjustments, including specialist equipment and flexible working arrangements for employees with disability,
- utilising plain-language drafting to optimise access to legislation for all users,
- providing accessible web design—PCO's websites and intranet adhere to guidelines for accessible web design (including W3C's Web Content Accessibility Guidelines) to ensure that content is available to the widest possible audience, including people using assistive technology or accessibility features,
- consulting with users who are blind or have low vision on the development of the legislation website to ensure improved interaction with the available assistive technologies and avoid the need for access keys,
- providing copies of legislation in electronic format on request and at no cost to people who are blind or have low vision, who can also access legislation in PDF using accessibility tools,
- facilitating access to PCO services for people who are deaf or hard of hearing or find it hard to hear or speak on the phone through the National Relay Service, and
- while undertaking recruitment, encouraging suitably qualified applicants with disability to apply and to discuss any specific requirements with the contact officer for the role.

DEVELOPMENT

Learning and development

We aim to provide training and opportunities to all staff to work within different areas of PCO to the greatest extent possible. This enables us to manage the demand for varying services and provide diverse work for staff.

We provide a mix of formal and on-the-job training for legislative drafters and editorial, technical and support staff. Our own subject matter experts contribute to the design and delivery of training programs. Training provided in the 2022-23 period included—

- direct supervision: senior officers supervise junior officers, providing training, mentoring, coaching and knowledge transfer on a one-to-one basis,
- seminars, workshops and courses: formal training is provided to all staff, facilitated both in-house and externally,
- leadership development: senior leaders receive leadership training and coaching,
- sector-wide training activities: relevant staff attend sector-wide training to maintain knowledge of changes in governance, finance, HR and IT, and
- study leave: individuals undertaking external study to develop their skills are assisted with study leave.

We also support the following programs and development opportunities—

- NSW Government Graduate Program: PCO participated in the program with four graduates from the 2022-23 program,
- Practical Legal Training (PLT): PCO supported Practical Legal Training courses for one officer during the period, and
- secondments: one PCO staff member was seconded to another agency and one staff member was seconded from another agency during the period.

We continue to focus on retaining organisational knowledge through close mentoring of staff. We also offer flexible working arrangements to accommodate parental leave and other career breaks, which assists in retaining specialist staff in the long term.

PMES

The People Matter Employee Survey (PMES) gives NSW public sector employees an opportunity to have a say on workplace issues and practices, highlighting what agencies are getting right and what needs more attention. In 2022, PCO improved on its 2021 results across most survey categories.

We scored particularly highly for customer service, job purpose and enrichment. In response to the areas identified as requiring attention, PCO refreshed key corporate policies and conducted several workshops and training programs for employees. These focused on building leadership capability, improving employee wellbeing and clarifying and enhancing flexible work arrangements.

WORK HEALTH AND SAFETY

Statement of performance

PCO is committed to ensuring the health and safety of staff and visitors to our office.

Our Work Health and Safety Committee meets quarterly to ensure that our work health and safety (WHS) practices are appropriate. The minutes of Committee meetings are made available to all staff.

Emergency management and after-hours access procedures are kept updated on Gulbarra, the staff intranet. Regular training is provided for fire wardens and first aid officers, and we participate in whole-building emergency evacuation exercises.

Work health and safety was a key consideration in the design of our current premises. We conduct assessments of individual workspaces for all staff when they start at PCO, and we provide ergonomic furniture. We conduct regular ergonomic assessments for staff and new starters.

The following WHS policy and procedures are currently in place at PCO—

- Work Health and Safety Policy
- Work Health and Safety Strategic Plan and Procedures
- Work Health and Safety Management Report, including a WHS training register.

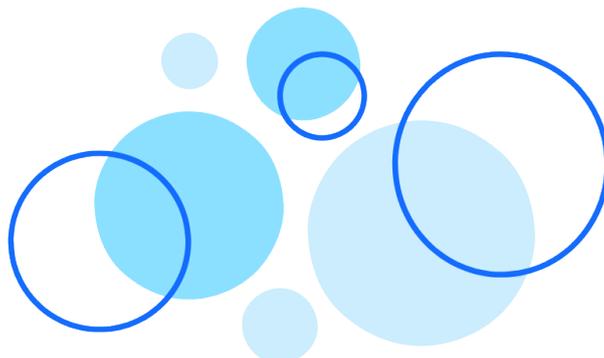
PCO also facilitates the following corporate wellbeing activities—

- Ergonomic assessments for workstations—15 staff had their workstations assessed in May 2023.
- Annual influenza vaccinations—29 staff were vaccinated in May 2023.
- Free counselling—provided to all employees and immediate family through Converge International.
- Fitness Passport—staff can access a wide choice of fitness facilities across New South Wales.

PCO conducted several team-based workshops with an external organisational facilitator to improve staff wellbeing following the results of the 2022 PMES.

Injuries and prosecutions under the *Work Health and Safety Act 2011*

We place a strong emphasis on the prevention of accidents and injuries, the early notification of injuries and the supportive management of claims to facilitate a speedy return to work. There were no workers compensation claims in 2022–23. There were no injuries or prosecutions under the *Work Health and Safety Act 2011* in the three years to 30 June 2023.



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Financial Performance

Image courtesy of Destination NSW—
Paddleboarder catches a morning wave at Palm Beach



INDEPENDENT AUDITOR'S REPORT

Parliamentary Counsel's Office

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Parliamentary Counsel's Office (the Office), which comprises the Statement by the Parliamentary Counsel, the Statement of Comprehensive Income for the year ended 30 June 2023, the Statement of Financial Position as at 30 June 2023, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Office's financial position, financial performance and cash flows.

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Office in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles 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
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

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

The Parliamentary Counsel's Responsibilities for the Financial Statements

The Parliamentary Counsel is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and Treasurer's Directions. The Parliamentary Counsel's responsibility also includes such internal control as the Parliamentary Counsel determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Parliamentary Counsel is responsible for assessing the Office's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Office carried out its activities effectively, efficiently and economically
- 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 any other information which may have been hyperlinked to/from the financial statements.



Nirupama Mani
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

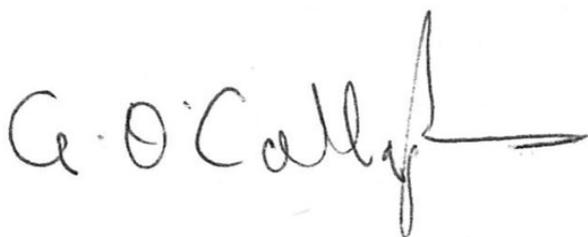
22 September 2023
SYDNEY

Parliamentary Counsel's Office

Statement by the Parliamentary Counsel as head of the Parliamentary Counsel's Office for the year ended 30 June 2023

Under the *Government Sector Finance Act 2018* ('the Act'), section 7.6(4), I state

- a) these financial statements have been prepared in accordance with:
 - Australian Accounting Standards (which includes Australian Accounting interpretations);
 - applicable requirements of the Act, the Government Sector Finance Regulation 2018; and
 - Treasurer's directions issued under the Act.
- b) these financial statements present fairly the Parliamentary Counsel's Office's financial position as at 30 June 2023 and the financial performance and cash flows for the year then ended; and
- c) there are no circumstances which would render any particulars in the financial statements to be misleading or inaccurate.



Annette O'Callaghan
Parliamentary Counsel

21 September 2023



Mark Reid
Chief Financial Officer

21 September 2023



Financial Statements

of

Parliamentary Counsel's Office

for the year ended 30 June 2023

Parliamentary Counsel's Office
Statement of Comprehensive Income
for the year ended 30 June 2023

	Notes	Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000
Continuing operations				
Expenses excluding losses				
Employee-related expenses	2(a)	8,074	9,191	7,202
Other operating expenses	2(b)	2,331	1,678	1,129
Depreciation and amortisation expense	2(c)	529	616	933
Finance costs	2(d)	7	4	7
Total expenses excluding losses		10,941	11,489	9,271
Revenue				
Recurrent grants from principal department	3(a)	10,400	10,943	10,178
Capital grants from principal department	3(a)	30	250	150
Sale of goods and services	3(b)	43	7	72
Acceptance by the Crown of employee benefits and other liabilities	3(c)	285	425	(463)
Total revenue		10,758	11,625	9,937
Operating result		(183)	136	666
Gain / (loss) on disposal	4	(5)	----	(2)
Other gains / (losses)	5	(46)	----	408
Net Result		(234)	136	1,072
Other comprehensive income		----	----	----
Total Comprehensive Income(loss)		(234)	136	1,072

The accompanying notes form part of these financial statements.

Parliamentary Counsel's Office
Statement of Financial Position
as at 30 June 2023

	Notes	Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000
Assets				
Current assets				
Cash and cash equivalents	6	1,396	680	1,544
Receivables	7	117	32	79
Total current assets		1,513	712	1,623
Non-Current assets				
Property, plant and equipment				
- Plant and equipment	8	221	376	662
Right-of-use assets	9	----	----	----
Intangible assets	10	760	1,276	837
Total Non-Current assets		981	1,652	1,499
Total Assets		2,494	2,364	3,122
Liabilities				
Current Liabilities				
Payables	11	376	353	585
Provisions - employee benefits and related on-costs	12	837	946	1,076
Other provisions	13	----	----	309
Total Current Liabilities		1,213	1,299	1,970
Non-current Liabilities				
Provisions - employee benefits and related on-costs	12	24	82	23
Other provisions	13	362	300	----
Total Non-Current liabilities		386	382	23
Total Liabilities		1,599	1,681	1,993
Net Assets		895	683	1,129
Equity				
Accumulated Funds		894	683	1,128
Total Equity		894	683	1,128

The accompanying notes form part of these financial statements.

Parliamentary Counsel's Office
Statement of Changes in Equity
for the year ended 30 June 2023

	Notes	Accumulated Funds \$000	Total \$000
Balance at 1 July 2022		1,128	1,128
Net Result for the year		(234)	(234)
Other comprehensive income:			
Net Increase/(Decrease) in Property, Plant & Equipment		----	----
Total other comprehensive income		----	----
Total comprehensive income for the year		(234)	(234)
Balance at 30 June 2023		894	894

	Notes	Accumulated Funds \$000	Total \$000
Balance at 1 July 2021		56	56
Net Result for the year		1,072	1,072
Other comprehensive Income:			
Net Increase/(Decrease) in Property, Plant & Equipment		----	----
Total other comprehensive income		----	----
Total comprehensive income for the year		1,072	1,072
Balance at 30 June 2022		1,128	1,128

The accompanying notes form part of these financial statements.

Parliamentary Counsel's Office
Statement of Cash Flows
for the year ended 30 June 2023

	Notes	Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000
Cash flows from operating activities				
Payments				
Employee related		(8,207)	(8,766)	(7,749)
Finance Costs		----	----	(6)
Other		(2,765)	(1,805)	(1,538)
Total payments		(10,972)	(10,571)	(9,293)
Receipts				
Recurrent grants from principal department		10,400	10,943	10,178
Capital grants from principal department (excluding equity appropriation)		30	250	150
Reimbursements from the Crown Entity		274	----	191
Sale of goods and services		50	7	78
Other		254	8	234
Total receipts		11,008	11,208	10,831
Net cash flows from operating activities	16	36	637	1,538
Net cash flow used in investing activities				
Purchases of plant and equipment		(17)	(80)	(21)
Purchases of intangible assets		(167)	(639)	(297)
Net cash flow used in investing activities		(184)	(719)	(318)
Net cash flow used in financing activities				
Payment of principal portion of lease liabilities		----	----	(891)
Net cash flow used in Financing activities		----	----	(891)
Net increase/(decrease) in cash and cash equivalents		(148)	(82)	329
Opening cash and cash equivalents		1,544	762	1,215
Closing cash and cash equivalents	6	1,396	680	1,544

The accompanying notes form part of these financial statements.

1 Summary of Significant Accounting Policies

(a) Reporting entity

The Parliamentary Counsel's Office (the Agency) is a NSW government entity and is controlled by the State of New South Wales. It is an executive agency related to the Department of Premier and Cabinet (the principal department). The Agency is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The Agency is consolidated as part of the NSW Total State Sector Accounts.

These financial statements for the year ended 30 June 2023 have been authorised for issue by the Parliamentary Counsel on 21 September 2023.

(b) Basis of preparation

The Agency's financial statements are general purpose financial statements that have been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations)
- the requirements of the *Government Sector Finance Act 2018 (GSF Act)* and the Government Sector Finance Regulation 2018, and
- Treasurer's Directions issued under the GSF Act.

The Agency's financial statements have been prepared on a going concern basis, which contemplates the continuity of normal operating activity and the realisation of assets and the settlement of liabilities in the normal course of operations. The Agency held cash at bank as at 30 June 2023 of \$1,396,000 (30 June 2022: \$1,544,000). As at 30 June 2023, the Agency had a net working capital surplus of \$300,000 (30 June 2022: deficit of \$347,000). The Department of Premier and Cabinet (The Cabinet Office from 1 July 2023) and NSW Treasury continue to fund the Agency through the annual budget process.

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

Judgements, key assumptions and estimations management have 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, which is the Agency's presentation and functional currency.

(c) Statement of compliance

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

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

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

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

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

(e) Comparative information

Except when an AAS permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

(f) Equity and reserves

Accumulated Funds

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

1 Summary of Significant Accounting Policies (continued)

(g) Fair value hierarchy

A number of the Agency's accounting policies and disclosures require the measurement of fair value 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 Agency 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 Agency can access at the measurement date.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 - inputs that are not based on observable market data (unobservable inputs).

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

(h) Superannuation on annual leave loading

The Agency has determined that it is not probable a liability arises to pay superannuation on annual leave loading. This position has been formed based on current inquiries, other information currently available to management, and after considering the facts from a decision in the Federal Court of Australia: *Finance Sector Union of Australia v Commonwealth Bank of Australia* [2022] FedCFamC2G 409. That decision confirmed that, in relation to the industrial agreement considered in that case, annual leave loading did not form part of ordinary time earnings and therefore, did not require superannuation contributions to be made under superannuation guarantee legislation because the obligation to pay annual leave loading was not referable to ordinary hours of work or to ordinary rates of pay. Rather, it was paid by reference to the period of annual leave, and for the purpose of compensating employees for their loss of opportunity to work additional hours at higher rates during this period. This position will be re-assessed in future reporting periods as new information comes to light on this matter.

(i) Changes in Accounting Policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2022-23

The accounting policies applied in 2022-23 are consistent with those of the previous financial year. The Agency has not applied any accounting standards for the first time in 2022-23.

(ii) Issued but not yet effective:

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting Standards have not been applied and are not yet effective, in accordance with the NSW Treasury mandate (TC 23-04):

- AASB 17 *Insurance Contracts*
- AASB 2020-1 *Amendment to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates*
- AASB 2021-5 *Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- AASB 2021-6 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards*
- AASB 2021-7b *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*
- AASB 2021-7c *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*
- AASB 2022-1 *Amendment to Australian Accounting Standards - Initial Application of AASB 17 and AASB 9 - Comparative Information*
- AASB 2022-5 *Amendment to Australian Accounting Standards - Lease Liability in a Sale and Leaseback*
- AASB 2022-6 *Amendment to Australian Accounting Standards - Non-current Liabilities with Covenants*
- AASB 2022-7 *Amendment to Australian Accounting Standards - Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*
- AASB 2022-8 *Amendment to Australian Accounting Standards - Amendments to Australian Accounting Standards - Insurance Contracts: Consequential Amendments*
- AASB 2022-9 *Amendment to Australian Accounting Standards - Insurance Contracts in the Public Sector*
- AASB 2022-10 *Amendment to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

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

2 Expenses Excluding Losses

(a) Employee-related expenses

	2023	2022
	\$000	\$000
Salaries and wages (including annual leave)	6,806	6,793
Superannuation - defined benefit plans	6	30
Superannuation - defined contribution plans	375	356
Long Service Leave ^{a)}	288	(566)
Workers' Compensation Insurance	45	42
Payroll tax and fringe benefits tax	365	345
Agency contractors	189	202
	8,074	7,202

a) The negative value for Long Service Leave expense in 2022 was due to a gain received by the Agency for the actuarial valuation of Long Service Leave.

(b) Other operating expenses

	2023	2022
	\$000	\$000
Accommodation costs	1,006	78
Auditor's remuneration - audit of financial statements ^{a)}	33	14
Consultants	120	26
Corporate Services provided through GovConnect	418	383
Fees for services rendered	243	256
Information technology and communication costs	110	91
Insurance	28	27
Maintenance	118	133
Training and staff development	161	108
Travel costs	49	----
Other Expenses	45	13
	2,331	1,128
<u>Total maintenance costs</u>		
Maintenance expense - contracted labour and other (non-employee related), as above	118	133
Total maintenance expenses included in Note 2(a) and 2(b)	118	133

a) Total Auditor's remuneration for the audit of 2021-22 financial statements was \$32,600 and for the 2022-23 financial statements is \$33,600. The variance relates to the amount yet to be incurred.

Recognition and measurement

Insurance

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

2 Expenses Excluding Losses (continued)

(c) Depreciation and amortisation expense

	2023	2022
	\$000	\$000
<u>Depreciation</u>		
Plant and equipment	110	116
Right-of-use assets	----	439
<u>Amortisation</u>		
Leasehold improvements	342	284
Intangible assets	77	94
	529	933

(d) Finance costs

	2023	2022
	\$000	\$000
Interest Expense from lease liabilities	----	7
Unwinding of discount rate on make good provision	7	----
	7	7

3 Revenue

Recognition and measurement

Income is recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities*, dependent on whether there is a contract with a customer defined by AASB 15 *Revenue from Contracts with Customers*.

(a) Recurrent and capital grants from principal department

	2023	2022
	\$000	\$000
Recurrent grants from principal department (per Statement of comprehensive income)		
Recurrent grants from principal department	10,400	10,178
Capital grants from principal department		
Total capital drawdowns from principal department (per Statement of comprehensive income)	30	150
Total recurrent and capital grants from principal department	10,430	10,328

The Appropriation Act 2022 (Appropriations Act) (and the subsequent variations, if applicable) appropriates the sum of \$417 million to the Premier out of the Consolidated Fund for the services of the Department of Premier and Cabinet for the year 2022-23. The spending authority of the Premier from the Appropriations Act has been delegated or sub-delegated to officers of the Department of Premier and Cabinet and entities that it is administratively responsible for, including the Parliamentary Counsel's Office (PCO).

The Treasury and Energy Legislation Amendment Act 2022 made some amendments to sections 4.7 and 4.9 of the Government Sector Finance Act 2018 (the GSF Act). These amendments commenced on 14 November 2022 and are applied retrospectively. As a result, the lead Minister for the Agency, being the Premier, is taken to have been given an appropriation out of the Consolidated Fund under the authority section 4.7 of the GSF Act, at the time the PCO receives or recovers any deemed appropriation money, for an amount equivalent to the money that is received or recovered by the PCO. These deemed appropriations are taken to have been given for the services of the Department of the Premier and Cabinet.

In addition, government money that the PCO receives or recovers from another GSF agency, of a kind prescribed by the GSF regulations that forms part of the Consolidated Fund, is now capable of giving rise to deemed appropriations where the receiving agency has a different lead Minister to the agency making the payment, or one of both of the agencies is a special office (as defined in section 4.7(8)).

On 16 June 2023, the GSF Amendment (Deemed Appropriations) Regulation 2023 was approved to bring the GSF regulations in line with the above deemed appropriation amendments to the GSF Act.

A summary of compliance is disclosed in the financial statements of the Annual Report of the Department of Premier and Cabinet. It has been prepared by aggregating the spending authorities of both the Premier for the services of the Department of Premier and Cabinet. It reflects the status at the point in time this disclosure statement is being made. PCO's spending authority and expenditure is included in the summary of compliance.

The delegation/sub-delegations for FY22/23 and FY21/22, authorising officers of the PCO to spend Consolidated Fund money impose limits in the amounts of individual transactions, but not the overall expenditure of the PCO. However, as they relate to expenditure in reliance on a sum appropriated by legislation, the delegation/sub-delegations are subject to the overall authority of the Department of Premier and Cabinet to spend monies under relevant legislation. The individual transaction limits have been properly observed. The information in relation to the aggregate expenditure limit from the Appropriations Act and other sources is disclosed in the summary of compliance table included in the financial statements of the Annual Report of the Department of Premier and Cabinet.

The Agency receives grant funding from the Department of Premier and Cabinet, which receives appropriations from the Consolidated Fund. Appropriations for each financial year are set out in the Appropriation Bill that is prepared and tabled for that year. The State Budget and related 2023-24 Appropriation Bill has been delayed until September 2023. However, pursuant to section 4.10 of the GSF Act, the Treasurer has authorised Ministers to spend specified amounts from the Consolidated Fund. This authorisation is current from 1 July 2023 until the earlier of 30 September 2023 or enactment of the 2023-24 Appropriation Act.

3 Revenue (continued)

(b) Sale of goods and services

	2023	2022
	\$000	\$000
Revenue from drafting services	43	72
	43	72

Recognition and measurement

Rendering of services

Revenue from rendering of services is recognised when the Agency satisfies the performance obligation by transferring the promised services. Payments are typically due 30 days from an invoice being raised.

(c) Acceptance by the Crown of employee benefits and other liabilities

	2023	2022
	\$000	\$000
Superannuation - defined benefit*	5	28
Long service leave*	280	(492)
Payroll tax on superannuation	-----	1
	285	(463)

* Reflects revenue for liabilities assumed by the Crown for these items. Figures differ from those in Note 2(a) as the Crown does not assume liabilities associated with oncosts for these items.

4 Gain / (loss) on disposal

	2023	2022
	\$000	\$000
Written down value of asset disposed	(5)	(2)
	(5)	(2)

5 Other gains / (losses)

	2023	2022
	\$000	\$000
Gain / (loss) from movement in provision for restoration costs	(46)	(18)
Derecognition of right-of-use assets and lease liabilities with Property NSW*	-----	426
	(46)	408

* The net gains/(losses) are recognised from the derecognition of the right-of-use asset and lease liability with Property NSW as at 30 June 2022. Refer Note 9 for further details on the derecognition.

Recognition and measurement

Impairment losses may arise on non-financial assets held by the Agency from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

- Receivables - Note 7
- Property, plant and equipment - Note 8
- Leases - Note 9
- Intangible Assets - Note 10

6 Current Assets - Cash and cash equivalents

	2023	2022
	\$000	\$000
Cash at bank and on hand	1,396	1,544
	1,396	1,544

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

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

	2023	2022
	\$000	\$000
Cash and cash equivalents (per statement of financial position)	1,396	1,544
Closing cash and cash equivalents (per statement of cash flows)	1,396	1,544

Refer Note 17 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7 Current Assets - Receivables

	2023	2022
	\$000	\$000
Sale of goods and services	26	2
Goods and Services Tax recoverable from ATO	29	38
Accrued income	----	21
Prepayments	62	18
	117	79

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 17.

Recognition and measurement

All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

The Agency holds receivables with the objective of collecting the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

For trade receivables, the Agency applies a simplified approach in calculating expected credit losses (ECLs). The Agency recognises a loss allowance based on lifetime ECLs at each reporting date. The Agency has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivable.

8 Property, plant and equipment

	Plant and Equipment	Total
	\$000	\$000
At 1 July 2022 - fair value		
Gross carrying amount	2,509	2,509
Accumulated depreciation and impairment	(1,847)	(1,847)
Net carrying amount	662	662
At 30 June 2023 - fair value		
Gross carrying amount	2,503	2,503
Accumulated depreciation and impairment	(2,282)	(2,282)
Net carrying amount	221	221
Reconciliation		
<u>Year ended 30 June 2023</u>		
Net carrying amount at start of year	662	662
Additions	17	17
Disposals	(5)	(5)
Depreciation and amortisation expense	(452)	(452)
Net carrying amount at end of year	221	221
<u>At 1 July 2021 - fair value</u>		
Gross carrying amount	2,492	2,492
Accumulated depreciation and impairment	(1,449)	(1,449)
Net carrying amount	1,043	1,043
<u>At 30 June 2022 - fair value</u>		
Gross carrying amount	2,509	2,509
Accumulated depreciation and impairment	(1,847)	(1,847)
Net carrying amount	662	662
Reconciliation		
<u>Year ended 30 June 2022</u>		
Net carrying amount at start of year	1,043	1,043
Additions	21	21
Disposals	(2)	(2)
Depreciation and amortisation expense	(400)	(400)
Net carrying amount at end of year	662	662

8 Property, plant and equipment (continued)

Recognition and measurement

Acquisitions of property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment. 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 price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

Capitalisation thresholds

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

Major inspection costs

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

Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site to the original condition is included in the cost of an asset, to the extent it is recognised as a liability. The liability is carried at present value of future estimated costs discounted using the government bond rate. The unwinding of the discount is recognised as finance costs in the statement of comprehensive income.

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.

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

The following depreciation rates have been adopted:

Category of Assets	Depreciation Rates (2022-23)	Depreciation Rates (2021-22)
<i>Plant and equipment</i>		
Office furniture and fittings	10%	10%
Computer equipment	25%	25%
General plant and equipment	14%	14%
Leasehold improvements	over the period of the remaining lease	over the period of the remaining lease
Right of use leases asset	N/A	over the period of the remaining lease
<i>Amortisation of intangible assets</i>		
Software	25% except for: LEGIS - 14.29% LEGIS Website - 14.29%	25% except for: LEGIS - 14.29% LEGIS Website - 14.29%

8 Property, plant and equipment (continued)

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 21-09). This policy adopts fair value in accordance with AASB 13 Fair Value Measurement and AASB 116 Property, Plant and Equipment.

Non-specialised assets with short useful lives are measured at depreciated historical cost, which for these assets approximates fair value. The Agency has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

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

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

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 plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. However, the right-of-use assets are subject to impairment. The Agency assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Agency estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. As a not-for-profit entity, the Agency recognises an impairment loss in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

9 Leases

The Agency has only one lease contract in place, for its current office premises at 60-70 Elizabeth Street Sydney. The lease contract was for 6 years and finished on 1 June 2023. A 5 year extension to this lease was negotiated with a commencement date of 2 June 2023. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. The Agency does not provide residual value guarantees in relation to leases.

i) Right-of-use assets

During the financial year ended 30 June 2022, the Agency accepted the changes in the office accommodation arrangements with Property NSW (PNSW). Primarily, this introduced a "substitution right" clause for PNSW to relocate the Agency during the term of the agreement, which provides PNSW with a substantive substitution right and results in the Agency's lease agreements no longer being accounted for as a lease within the scope of AASB 16. Prior to this change, the Agency recognised right-of-use assets at the commencement date of the lease.

9 Leases (continued)

ii) Lease liabilities

Prior to the changes in the office accommodation arrangements with PNSW, the Agency recognised lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase options reasonably certain to be exercised by the Agency; and
- payments of penalties for terminating the lease, if the lease term reflects the Agency exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Agency's leases, the lessee's incremental borrowing rate is used, and is the rate that the Agency would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Right-of-use assets under leases

The following table presents right-of-use assets that are shown in the statement of financial position.

	Right-of-use asset \$000	Total \$000
Balance at 1 July 2021		
Gross carrying amount	870	870
Remeasurement during the year	(439)	(439)
Depreciation Expense	(431)	(431)
Balance at 30 June 2022	----	----

Lease liabilities

The following table presents liabilities under leases:

	2023 \$000	2022 \$000
Balance at 1 July	----	1,748
Interest expenses	----	7
Payments	----	(898)
Derecognition of lease liabilities	----	(857)
Balance at 30 June	----	----

The following amounts were recognised in the Statement of Comprehensive income for the year ended 30 June in respect of leases where the Agency is the lessee:

	2023 \$000	2022 \$000
Depreciation expense of right-of-use assets	----	439
Interest Expenses on lease liabilities	----	7
Variable lease payments, not included in the measurement of lease liabilities	----	70
Gains or losses arising from derecognising the right-of-use assets and lease liabilities with Property NSW	----	(426)
Total amount recognised in the Statement of Comprehensive income	----	90

The Agency had no cash outflows in respect of leases for which the Agency is the lessee in 2022-23 (FY 2021-22: \$897k)

10 Intangible assets

	Software at cost \$000	Total \$000
At 1 July 2022		
Cost (gross carrying amount)	1,247	1,247
Accumulated amortisation and impairment	(409)	(409)
Net carrying amount	837	837
At 30 June 2023		
Cost (gross carrying amount)	1,247	1,247
Accumulated amortisation and impairment	(487)	(487)
Net carrying amount	760	760
Reconciliation		
Year ended 30 June 2023		
Net carrying amount at start of year	837	837
Additions	----	----
Amortisation (recognised in "Depreciation and amortisation")	(77)	(77)
Net carrying amount at end of year	759	759
At 1 July 2021		
Cost (gross carrying amount)	971	971
Accumulated amortisation and impairment	(316)	(316)
Net carrying amount	655	655
At 30 June 2022		
Cost (gross carrying amount)	1,247	1,247
Accumulated amortisation and impairment	(409)	(409)
Net carrying amount	837	837
Reconciliation		
Year ended 30 June 2022		
Net carrying amount at start of year	655	655
Additions	275	275
Amortisation (recognised in "Depreciation and amortisation")	(94)	(94)
Net carrying amount at end of year	837	837

Recognition and measurement

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

The useful lives of intangible assets are assessed to be finite. The Agency's intangible assets are amortised using the straight line method over a period of 4 to 7 years.

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

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

11 Current Liabilities - Payables

	2023	2022
	\$000	\$000
Accrued salaries, wages and on-costs	188	140
Creditors	188	445
	376	585

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed at Note 17.

Recognition and measurement

Payables represent liabilities for goods and services provided to the Agency and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

12 Current / Non-Current Liabilities - Employee benefits and related on-costs

	2023	2022
	\$000	\$000
Current Provisions		
Annual leave including on-costs	563	754
Long service leave including on-costs	159	153
Payroll Tax	115	169
Current Employee benefits and related on-cost provisions	837	1,076
Non-Current provisions		
Long service leave including on-costs	16	15
Payroll Tax	8	8
Non-Current employee benefits and related on-cost provisions	24	23
Total provisions	861	1,099

	2023	2022
	\$000	\$000
Aggregate employee benefits and related on-costs		
Provisions - current	837	1,076
Provisions - non-current	24	23
Accrued salaries, wages and on-costs (Note 11)	188	140
	1,049	1,239

The Agency's liability for long service leave is assumed by the Crown Entity. However, the Agency has an obligation to meet the long service related on-costs.

Based on annual leave provision data showing 4 employees with more than 30 days annual leave as at 30 June 2023, it is estimated that \$18,000 of the accrued annual leave with associated on-costs would be settled after the next 12 months.

12 Current / Non-Current Liabilities - Employee benefits and related on-costs (continued)

Recognition and measurement

Employee benefits and other provisions

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 amount 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 8.4% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Agency has assessed the actuarial advice based on the Agency's circumstances and has 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.

Long service leave and superannuation

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

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors (specified in NSWTC 21-03) 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.

During financial year 2022-23 the actuarial review of the Agency's long service leave provision provided a positive adjustment of \$83,000 to the present value of long service leave. This resulted in the Agency having a positive balance in long service leave expense, with a corresponding increase in Crown accepted revenue.

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.

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.

13 Current / Non-Current Liabilities - Other provisions

	2023	2022
	\$000	\$000
Other provisions - Current		
Restoration costs	----	309
Total current provisions	----	309
Other provisions - Non-Current		
Restoration costs	362	----
Total Non-Current provisions	362	----
Total provisions	362	309

Movements in provisions (other than employee benefits)

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

	2023	2022
	\$000	\$000
Provision for restoration costs		
Carrying amount at the beginning of financial year	309	291
Write back provision on 60 Elizabeth Street	----	18
Additional provisions recognised for 60 Elizabeth Street	53	----
Carrying amount at the end of financial year	362	309

Recognition and measurement (continued)

Other provisions

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

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

If the effect of the time value of money is material, provisions are discounted at 3.79% (2022: 2.38%), which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

14 Contingent Liabilities and Contingent Assets

Contingent liabilities

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

Contingent assets

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

15 Budget Review

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts.

Net Result:

The net result is a loss of \$234,000 against a budgeted surplus of \$136,000. This variance primarily reflects the handing back of \$543,000 in recurrent cluster grants during the last quarter of the 2022-23 financial year, improving the government's fiscal position.

Total expenses are \$548,000 lower than originally budgeted, primarily reflecting a reduction in employee expenses that is partially offset by an increase in operating expenses. The reduction in employee expenses reflects a delay in recruiting several positions across the Agency and a rebalancing of expenditure towards operating expenses. The higher operating expenses primarily reflect higher fees for shared-service arrangements, several projects to improve cyber-security within the Agency and an increased investment in staff training and development.

Accommodation costs are significantly higher when compared with 2022 and relate entirely to the changes to the lease arrangements with PNSW (refer Note 9).

Assets and liabilities:

PCO's current assets are \$1.5 million against a budget of \$712,000. A significant portion of this is reserved to complete the self-funded capital project to update key legislative software that was approved in October 2020, but has been further delayed. A carry forward of \$469 has been approved to complete this in the 2023-24 year.

Total assets of \$2.5 million are largely in line with budget expectations of \$2.4 million. Current liabilities are slightly lower than budgeted reflecting a general reduction in leave balances across the Agency, as PCO staff were more able to use leave balances while Parliament was not sitting for the extended period surrounding the 2023 NSW State Election.

Cash flows:

Net cash flows are largely in line with expectations, with an increase in operating payments offset by a decrease in investing activities.

The increase in operating payments largely reflects the reduction in operating expenditure as outlined above, which is partly offset by the payout of substantial accrued leave entitlements to retiring staff not budgeted for in 2022-23.

The reduction in investing activities relates to the delay in the payments relating to the update of the legislative software as outlined above.

16 Reconciliation of Cash Flows From Operating Activities to Net Result

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income is as follows:

	2023	2022
	\$000	\$000
Net cash used on operating activities	36	1,538
Net adjustments for equity transfer	----	----
Depreciation and amortisation	(529)	(933)
Allowance for Impairment	----	----
Finance Costs	----	----
Decrease/(increase) in provisions	183	(66)
Increase/(decrease) in receivables	37	(10)
(Increase)/decrease in creditors	44	120
Gain /(loss) on disposal	(5)	(2)
Other gain/(loss)	----	426
Net result^{a)}	(234)	1,072

a) Total does not add due to rounding

17 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Agency determines the classification of its financial assets and liabilities at initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

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

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

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

(a) Financial instrument categories

Class	Note	Category	Carrying Amount	
			2023	2022
Financial Assets			\$000	\$000
Cash and cash equivalents	6	Amortised cost	1,396	1,215
Receivables ¹	7	Amortised cost	26	23

Class	Note	Category	Carrying Amount	
			2023	2022
Financial Liabilities			\$000	\$000
Payables ²	11	Financial liabilities measured at amortised cost	320	557

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)

17 Financial Instruments (continued)

(b) Credit Risk

Credit risk arises when there is a possibility of the Agency's debtors defaulting on their contractual obligations, resulting in a financial loss to the Agency. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment). Credit risk arises from the financial assets of the Agency, including cash, receivables and authority deposits. No collateral is held by the Agency. The Agency has not granted any financial guarantees.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts that are known to be uncollectible are written off. The expected loss rates are based on historical observed loss rates.

Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, a failure to make contractual payments for a period of greater than 180 days past due

The Agency applies the AASB 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade debtors. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance for trade debtors as at 30 June 2023 and 30 June 2022 was determined as follows:

	30 June 2022					Total
	Current	<30 days	30-60 days	61-90 days	>91Days	
Expected credit loss rate	0%	0%	0%	0%	0.0%	0%
Estimated total gross carrying amount	0	0	0	0	2	2
Expected credit loss	0	0	0	0	0	0

	30 June 2023					Total
	Current	<30 days	30-60 days	61-90 days	>91Days	
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Estimated total gross carrying amount	18	0	0	8	0	26
Expected credit loss	0	0	0	0	0	0

Note: The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7. Therefore the "total" will not reconcile to the receivables total in Note 7.

As at 30 June 2023, the Agency has only a single trade debtor. However, this debtor has a AAA credit rating and therefore it is not considered that the Agency is carrying a material exposure to credit risk.

17 Financial Instruments (continued)

(c) Liquidity risk

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (that 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. However, as part of the Government's COVID-19 response, all suppliers are temporarily being paid immediately on receipt of a correctly rendered invoice. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Minister may automatically pay the supplier simple interest. There was no interest for late payments applied during the period (2021-22: Nil).

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

Maturity Analysis and interest rate exposure of financial liabilities

		\$000						
	Weighted Average Effective Int. Rate	Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 yr	1-5 years	> 5 yrs
2023								
Payables:								
Accrued salaries, wages and on-costs		153	----	----	153	153	----	----
Creditors		166	----	----	166	166	----	----
Total		320	----	----	320	320	----	----
2022								
Payables:								
Accrued salaries, wages and on-costs		117	----	----	117	117	----	----
Creditors		440	----	----	440	440	----	----
Total		557	----	----	557	557	----	----

Notes: The amount disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Agency can be required to pay. These amounts include both interest and principal cashflows and therefore will not reconcile to the amount disclosed in the statement of financial position.

17 Financial Instruments (continued)

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Agency has no exposure to foreign currency risk and does not enter into commodity contracts.

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

Interest rate risk

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

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

Consolidated	Carrying Amount	-1%		1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2023					
Financial assets:					
Cash and cash equivalents	1,396	(14)	(14)	14	14
Receivables	26	0	0	0	0
Financial liabilities:					
Payables	320	3	3	(3)	(3)
2022					
Financial assets:					
Cash and cash equivalents	1,544	(15)	(15)	15	15
Receivables	23	0	0	0	0
Financial liabilities:					
Payables	557	6	6	(6)	(6)

(e) Fair value measurement

Fair value compared to carrying amount

The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value because of the short term nature of all of the financial instruments. There are no financial instruments where the fair value differs from the carrying amount.

18 Related Party Disclosures

The Agency's key management personnel compensation is as follows:

	2023	2022
	\$000	\$000
Salaries	451	472
Other long-term employee benefits	21	21
Total remuneration	472	493

During the year, the Agency did not enter into any transactions with the key management personnel, their close family members and controlled or jointly controlled entities thereof.

During the year, no key management personnel services were provided by a separate management entity.

19 Events After the Reporting Period

The Agency is not aware of any events after the reporting period which would have a material impact on these financial statements.

End of audited financial statements