



ANNUAL REPORT 2018–19



Parliamentary
Counsel's Office

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8.30 am–5.00 pm
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There were no external costs recorded for producing this annual report. If printing this document, please print in black and white.

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www.pco.nsw.gov.au.



The Hon Gladys Berejiklian MP
Premier and Minister for Willoughby
52 Martin Place
Sydney NSW 2000

Dear Premier

I am pleased to forward to you the 2018–19 Annual Report for the Parliamentary Counsel's Office for presentation to Parliament.

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'A O'Callaghan'.

ANNETTE O'CALLAGHAN
Parliamentary Counsel
25 October 2019

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Note from the Parliamentary Counsel

In my first year as NSW Parliamentary Counsel, I have been proud of PCO's continued ability to deliver timely and high-quality legislative drafting and production services to support the legislative agenda of Parliament and other stakeholders, including being highly responsive to changing legislative priorities.



In 2018–19, the Office proactively sought to engage more closely with key stakeholders to improve mutual understanding of both agency and PCO requirements in the drafting process. During the year, the Office hosted a series of information sessions for our instructors, senior leaders took up speaking engagements with client agencies and other public forums, the Office reviewed our public facing websites and commenced a refresh to make them more engaging and we continued our stakeholder and website user surveys, which provide valuable feedback and insights into the way our services are used.

I also focused our efforts this year on reviewing PCO's leadership and team structures and the staffing and capabilities needed to meet service demands both now and in the future. A new leadership team was formed, a more defined team structure put in place and additional recruitment and development activities were initiated to address workforce and capability gaps. While strategic workforce planning of this type is always ongoing, the work undertaken in 2018–19 puts PCO in a solid position to meet future demands.

PCO also looked at our internal processes and practices to streamline and automate processes, both for the sake of efficiency and to enable PCO's staff to focus their efforts and expertise on the value-adding and more satisfying aspects of the work.

I would like to acknowledge the staff of PCO for their skill, talent and high standard of work produced. During this period of structural change and process review, the staff continued to show their commitment to the work of this Office. I look forward to continuing to work with them in the coming year.

ANNETTE O'CALLAGHAN
Parliamentary Counsel

Who we are

PCO is a Public Service executive agency and part of the Department of Premier and Cabinet cluster. We are staffed by 56 highly professional and committed employees who are a mix of lawyers, editors, publishing and IT specialists and other support staff. Our core function is drafting and producing legislative instruments for the State and providing public access to legislation through the authorised NSW legislation website: www.legislation.nsw.gov.au

Our history

The modern PCO evolved directly from the drafting institution established in NSW over 140 years ago. The appointment of the first permanent Parliamentary Draftsman was made on 1 June 1878. In 1970 the Parliamentary Draftsman became known as the Parliamentary Counsel.

The position was responsible to the Attorney General until 1991. In 1991, PCO became a separate Administrative Office, reporting to the Premier through the Director-General of The Cabinet Office. In March 2006, PCO became a separate office within The Cabinet Office and, in April 2007, became a separate office within the Department of Premier and Cabinet (DPC) following the merger of the Premier's Department and The Cabinet Office.

On 24 February 2014, with the commencement of the *Government Sector Employment Act 2013*, PCO became a Public Service executive agency within the DPC cluster.

What we do

The Parliamentary Counsel's Office 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. Our objective is 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 NSW. We work constructively and collaboratively with all stakeholders to make legislation that is fit for purpose and constitutionally sound.

Each year, this sees us:

- **deliver Government Bills** and Amendments in Committee according to the drafting and production volumes and deadlines as set by the Government to the quality standard expected,
- maintain a continually **evolving and relevant statute book** by drafting amending and repealing instruments to the standard and timetable set by the Government (through the Statute Law Revision program and the Staged Repeal of Subordinate Legislation program (Staged Repeal program)),
- **support non-Government and private members** by drafting Bills and Amendments in Committee in accordance with the Government's policy on non-Government drafting,
- assist the community, legal profession and Government **by publishing the official notification of new legislation** on the legislation website,
- publish notices in the **Government Gazette** on the legislation website in the timeframes required,
- participate in and support **drafting uniform legislation for Australia** through the Australasian Parliamentary Counsel's Committee and provide the secretariat function that co-ordinates the work of that Committee,
- provide the public and Government with **access to legislation** by updating, maintaining and continually enhancing the legislation website (www.legislation.nsw.gov.au),
- provide **information about NSW legislation** through the Legislation Information Service, the legislation website and engagement with stakeholders,
- support the Government by maintaining a **robust corporate governance framework** to ensure implementation of sector-wide policies and accountability of resources.

Our vision

To achieve excellence in drafting and public access to legislation.

Our purpose

To provide high-quality legislative drafting services for NSW.

To provide optimal access to, and information about, legislation.

To provide an inclusive and supportive workplace for staff to achieve objectives and experience job satisfaction.

Our objectives

The PCO objectives support the State outcome of delivering co-ordinated and effective Government. Our objectives for 2018–19 are to:

- provide timely and responsive legislative drafting, publishing and advisory services in a consistent, professional and impartial manner to support the wider public and the legislative agenda of the NSW Government,
- deliver high-quality online access to legislation that is available to all users,
- modernise our capabilities, both human and technical, to ensure we are actively positioned to meet the future needs of the users of our services,
- continue to engage with other participants in the legislative drafting process by establishing forums that enable mutual understanding and knowledge sharing while improving PCO's understanding of the sector,
- achieve PCO-wide efficiencies by automating manual and paper-based processes,
- enhance the development and engagement of PCO's workforce by improving internal work processes, procedures and knowledge-sharing practices and promoting workforce cohesion and productivity.

Our values

Professionalism

We are recognised for our specialised skills and commitment to delivering high-quality legislation for NSW.

Integrity

We maintain objectivity and the highest professional standards in order to achieve consistency and reliability of legislation.

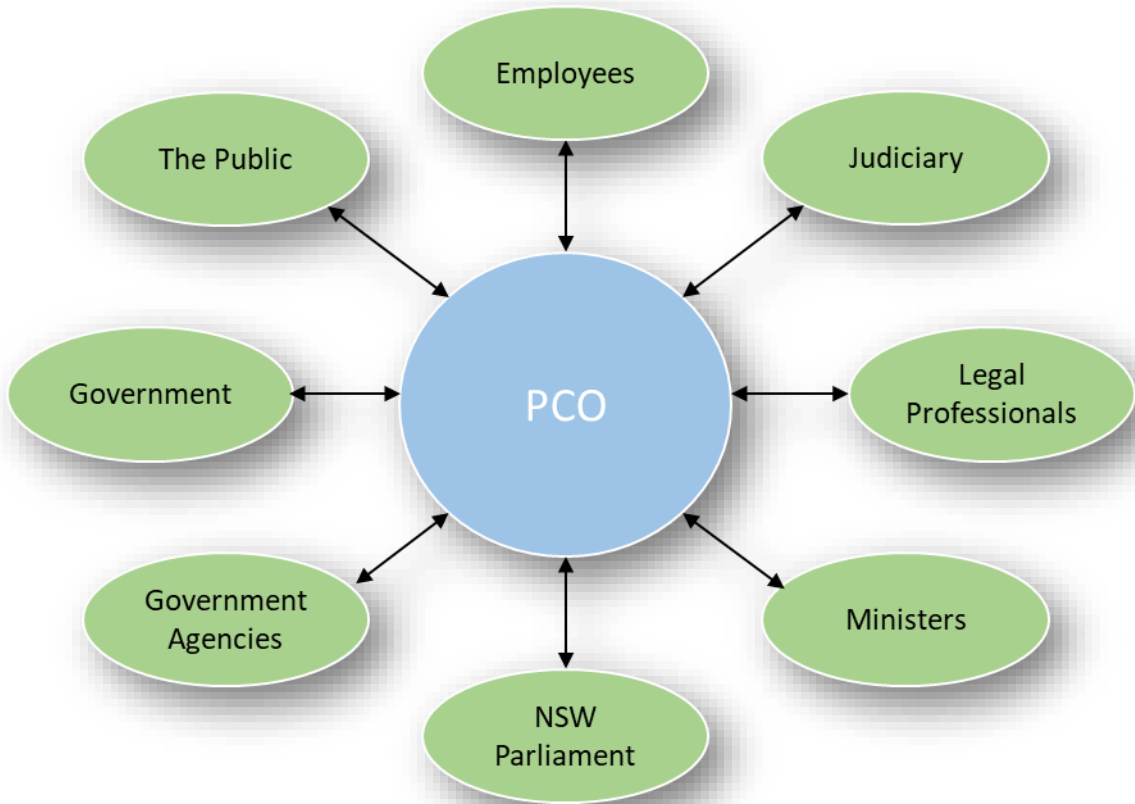
Teamwork

We are collaborative and trust and support each other in our work.



PCO's Leadership Team—Annette O'Callaghan, John Ledda, Robyn Hodge, Mark Cowan, Richard Hurford, Michelle Butler, Caroline Aow, Robyn Morrison.

Our key stakeholders and clients



The work we do is to ultimately benefit the community and supports the implementation of the Premier's priorities.

Our primary stakeholder is the NSW Government.

We aim to work constructively and collaboratively with stakeholders at other Government agencies to deliver best practice legislation for NSW.

Our performance 2018–19

PCO has continued to deliver its program outcomes throughout 2018–19, and the service measures and results of that work are detailed in this report. Performance statistics for the year are included together with comparative statistics for previous years where applicable. PCO's key achievements are summarised below.

Delivering legislative drafting services

This has been another year of significant achievements for PCO in drafting services. PCO continued to meet the demands of the NSW Government's legislative program by completing the required volume of draft legislation during 2018–19, often to short deadlines. All legislation was drafted and published for introduction into Parliament or presentation to the Governor within the required timeframes. PCO exceeded targets throughout this period, particularly in the turnaround times for drafting statutory instruments and environmental planning instruments.

Providing access to legislation

PCO continued to provide free public access to an authoritative, up-to-date collection of NSW legislation through its legislation website, www.legislation.nsw.gov.au, which includes the legislation database maintained by PCO and notification and gazettal of new instruments and notices. PCO handled a high volume of material during 2018–19 and exceeded the target of updating the NSW legislation website within three working days of any relevant change, with most updates provided within one working day.

Stakeholder satisfaction

Two stakeholder surveys were conducted to obtain feedback and assess satisfaction with PCO's services over the past year. One survey targeted drafting and publishing stakeholders and the other was for users of the legislation website. Both surveys showed that stakeholders were overwhelmingly positive about PCO's services.

Drafting and publishing stakeholders praised PCO's expert advice and the quality of legislation produced. The satisfaction rating for PCO's services was 97%. The survey reflected the work PCO has done over the past year to reach out to our instructing agencies so they better understand the drafting process and what is required from them to ensure an effective outcome.

Users of the legislation website were also positive about the service, and a satisfaction rating of 79% was achieved. The reliability and currency of the content was particularly well

regarded, with 98% of users expressing that view. While the users clearly trust this service, it is clear that technical problems affecting the speed of the website created frustration and impacted overall user satisfaction. PCO is now investigating the underlying causes of that problem so users can access content as quickly as possible.



PCO's drafters delivered the first in a series of training sessions for instructing officers from client agencies.

Key outcomes

Drafting and production of legislation services

Government Bill drafting and production

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

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

The Parliamentary Counsel reports to Cabinet on the progress of draft Bills and their conformity with Cabinet approvals. The Parliamentary Counsel also works closely with the Attorney General and senior officers from the Department of Premier and Cabinet and the Premier's office to ensure priority Bills are ready for introduction when required.

As a service to Parliament, PCO produces "print-ready" versions of Bills and amended Bills for all stages of the parliamentary process and vellums for assent by the Governor.

The measure for this service is:

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

2018–19 performance: This year, a total of 59 Government Bills were introduced and 2 Bills were prepared for public consultation. For reasons of confidentiality, only those Bills introduced into Parliament or formally exposed are reported.

The lower volume of Bills reflects the impact of the 4-yearly general election in March 2019 and the longer break in parliamentary sittings that occurs around an election period. The final sitting period before the election required a much larger volume of Bill-drafting work to meet the parliamentary Bill schedule, with a particular peak in October 2018, where record numbers of Bills were drafted for introduction. PCO continued to meet these tight drafting and production timeframes while also maintaining the high quality of legislation.

	2014–15	2015–16	2016–17	2017–18	2018–19
Bills introduced	59	87	61	77	59
Pages	1,453	2,380	2,389	2,369	1,228
Bills exposed	3	4	3	4	2
Pages	67	441	196	266	90
Amendments in Committee	107	54	58	100	61

Statute Law Revision

The Statute Law Revision (SLR) program is part of the Bill drafting and production service. It has been an effective and economical means of making minor amendments and removing unnecessary laws. The SLR program, which has run for almost 30 years, has three aspects:

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

The measure for this sub-program is:

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

2018–19 performance: There were 2 Statute Law Bills introduced and passed. These Bills amended 131 Acts and instruments and repealed 15 Acts and instruments.

Statutory instrument drafting and production

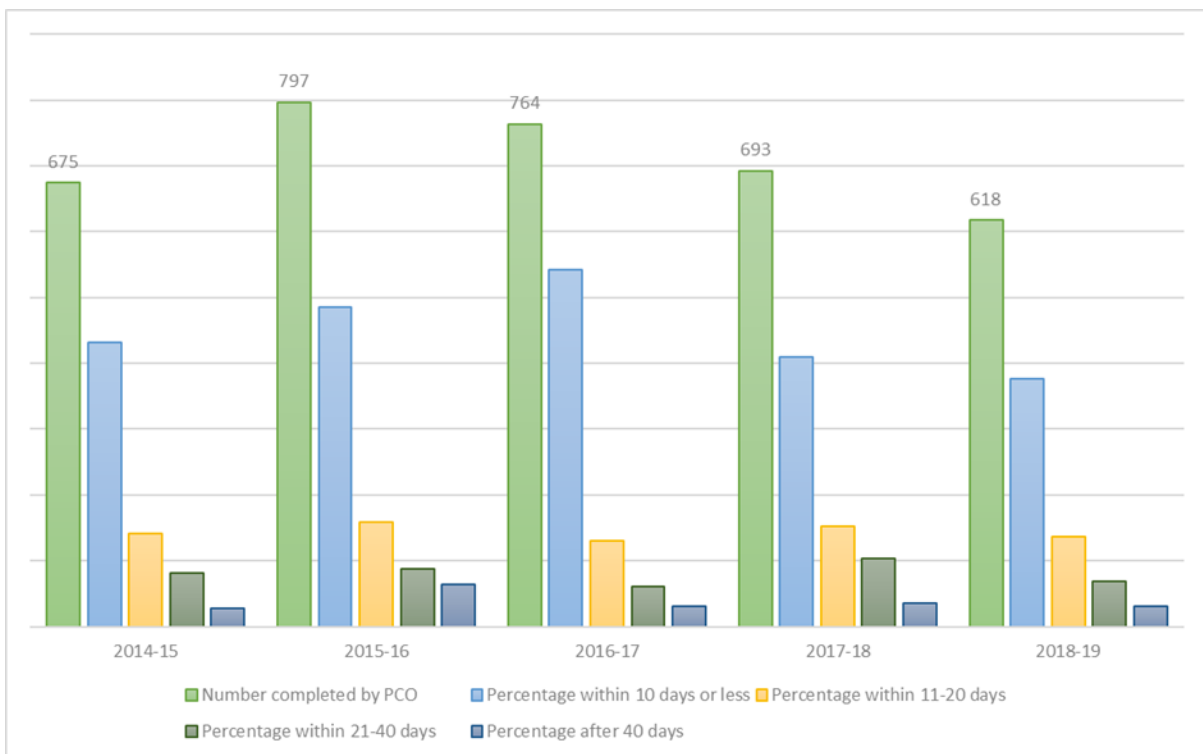
PCO is responsible for the drafting and production of a range of statutory instruments to the standard and timetable requested by the Government. Statutory instruments drafted by this service include regulations, rules, orders and proclamations. The service also includes the Uniform Civil Procedure Rules and specific rules of court for the Supreme Court and other courts and tribunals. The Staged Repeal program is part of this service.

The measure for this service is:

- *to draft, publish and provide opinions (where required) on 80% of statutory instruments within 20 working days of receipt of instructions.*

2018–19 performance: PCO met the target for turnaround time in 2018–19, with 83% of statutory instruments completed within 20 working days.

	2014–15	2015–16	2016–17	2017–18	2018–19
Number completed by PCO	675	797	764	693	618
Percentage within 10 days or less	64	61	71	59	61
Percentage within 11–20 days	21	20	17	22	22
Percentage within 21–40 days	12	11	8	15	11
Percentage after 40 days	4	8	4	5	5



Staged Repeal of Subordinate Legislation

The *Subordinate Legislation Act 1989* provides for the staged repeal of statutory rules following the fifth anniversary of their date of publication. PCO manages this sub-program, including co-ordinating the work of relevant agencies and drafting new instruments made under the sub-program. Stage 28 of the sub-program was completed on 1 September 2018.

The measure for this sub-program is:

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

2018–19 performance

Instruments dealt with by Stage 28	No
Total instruments dealt with under this stage	117
Instruments dealt with that were granted postponement of repeal in previous stages	64
Outcome of Stage 28	
Instruments granted postponement of repeal in this stage by section 11 order	69
Instruments that had their staged repeal date extended by other amending legislation	9
Instruments repealed under the Act by a replacement instrument or under another Act	39
Number of new instruments drafted and made under this stage	38
Outcome of all stages since 1990	
Number of instruments as at 1.7.1990	976
Number of instruments as at 1.9.2018	338
Number of pages as at 1.7.1990	15,075
Number of pages as at 1.9.2018	8,238

Environmental planning instrument drafting and production

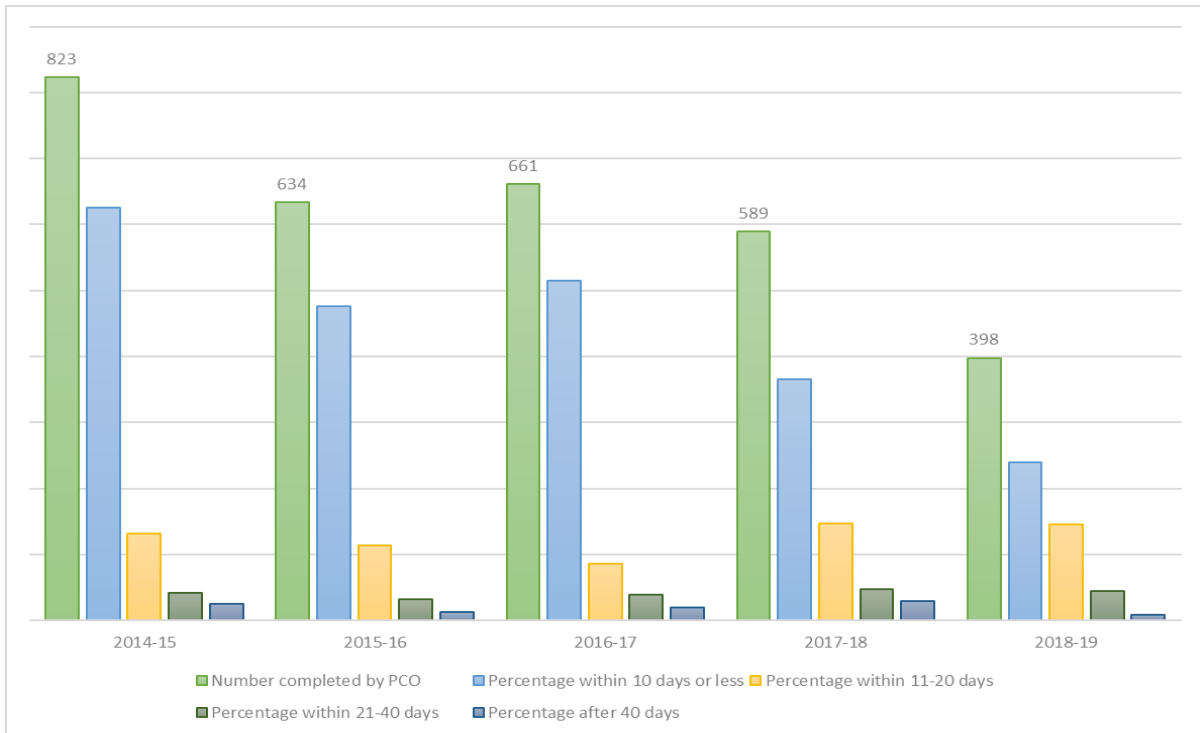
PCO is responsible for the drafting and production of environmental planning instruments (EPIs) to the standard and timetable requested by the Government. Statutory instruments drafted under this service include state environmental planning policies (SEPPs) and local environmental plans (LEPs). This service extends to the provision of source data for the official publication of instruments once they have been made by the Minister or by the local council. In addition, PCO provides advice on proposals as part of this service.

The measure for this service is:

- *to draft, publish and provide opinions (where required) on 80% of environmental planning instruments within 20 working days of receipt of instructions.*

2018–19 performance: PCO exceeded the targeted turnaround time with 88% of EPIs completed within 20 working days in 2018–19.

	2014–15	2015–16	2016–17	2017–18	2018–19
Number completed by PCO	823	634	661	589	398
Percentage within 10 days or less	76	75	78	62	60
Percentage within 11–20 days	16	18	13	26	37
Percentage within 21–40 days	5	5	6	8	11
Percentage after 40 days	3	2	3	5	2



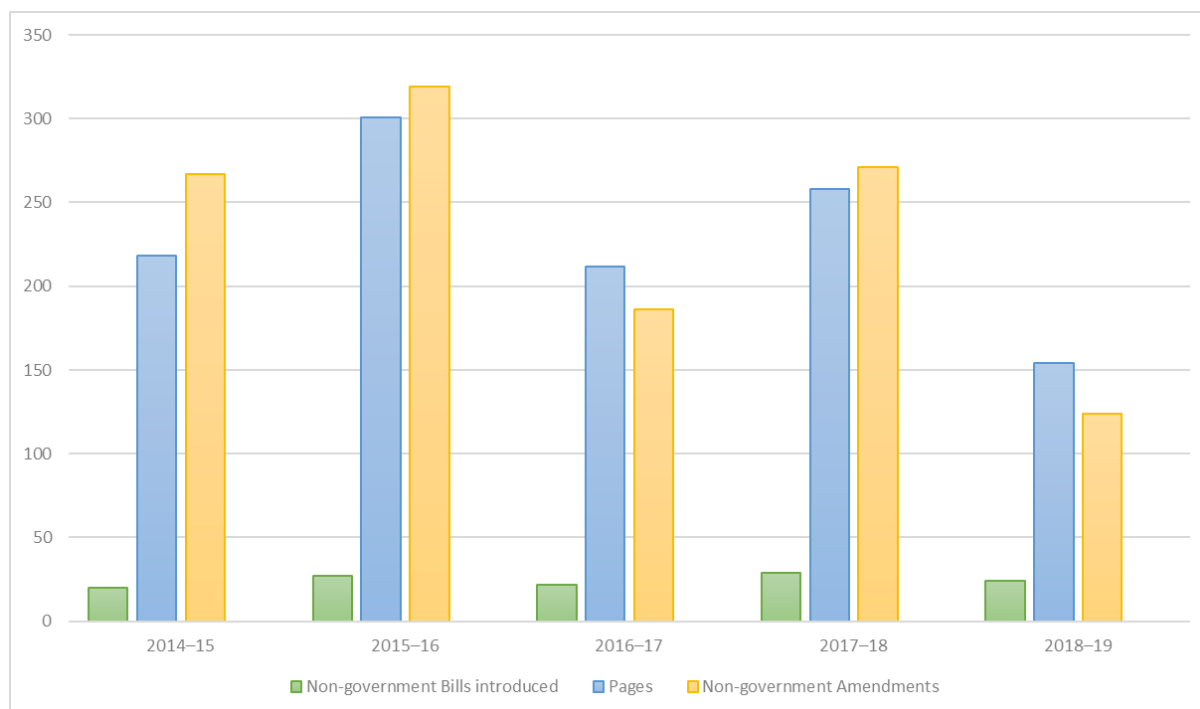
Non-Government Bill drafting and production

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

The measure for this service is:

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

2018–19 performance: The volume and nature of non-Government drafting was consistent with previous years.



	2014–15	2015–16	2016–17	2017–18	2018–19
Non-Government Bills introduced	20	27	22	29	24
Pages	218	301	212	258	154
Non-Government Amendments in Committee	267	319	186	271	124

Australasian Parliamentary Counsel's Committee drafting program

The Australasian Parliamentary Counsel's Committee (PCC) consists of the heads of the legislative drafting offices in Australia and New Zealand. The PCC provides a forum for:

- the preparation and co-ordination of national uniform legislation,
- cross-jurisdictional discussion of the development of legislation,
- collaboration and information sharing in relation to the management of drafting offices.

The PCC holds a drafting conference every 2 years to enable drafters to learn from and network with drafters from other jurisdictions. The conference welcomes papers on all aspects of legislative drafting and also includes seminars for junior drafters. The PCC also holds an annual IT, Publishing and Office Systems Forum for drafting offices to exchange information on the development of legislative drafting and publishing systems, the delivery of legislative information to the public and other practices common to legislative drafting

environments. Drafting offices in Australia, New Zealand, other Asia-Pacific jurisdictions and the Commonwealth are invited to participate in both conferences.

The NSW Parliamentary Counsel is the current Secretary-Chair of the PCC and is responsible for co-ordinating the PCC's work. The NSW PCO also provides the PCC with secretariat functions. These are usually carried out by a junior drafter and include:

- keeping records of the PCC's activities, including its regular meetings,
- liaising with instructors and drafters involved in the PCC's drafting projects,
- maintaining the PCC website and the PCC Portal (see below).

The PCC maintains the public website www.pcc.gov.au relating to the work of PCC, including the protocol for drafting uniform legislation and up-to-date versions of model legislation. This website is updated by staff of the NSW PCO.

The measure for this service is:

- *to participate in the Parliamentary Counsel's Committee (PCC) and prepare draft uniform legislation in accordance with the timetable and standards set by the PCC.*

2018-19 performance: In 2018–19, the PCC completed and worked on a range of drafting projects to implement decisions of the Council of Australian Governments (COAG) and various national Ministerial Councils. Drafting projects completed by the PCC included amendments to the *Heavy Vehicle National Law* and the *Model Work Health and Safety Regulations*. The NSW PCO provided a substantial proportion of the drafting required across all PCC projects.

In 2018–19, the Committee met formally on 4 occasions. At the end of this period there were over 20 projects on the PCC Business List.

Most PCC business is conducted electronically. PCC communications are no longer conducted on the Govdex platform. Communication and project management is now co-ordinated via the PCC Portal using the Confluence tool (a collaboration wiki tool designed to help teams to collaborate and share knowledge efficiently). The PCC Portal was developed in the NSW PCO office and is maintained by NSW PCO staff. The Portal allows drafts and comments on PCC projects to be exchanged securely. It is accessible to drafters working on PCC projects and other staff of drafting offices for whom access is necessary. Areas of the Portal containing sensitive information are accessible to PCC members only.

In 2018–19, the IT, Publishing and Office Systems Forum was hosted by the WA PCO in Perth. NSW PCO sent 7 delegates who delivered presentations on training programs, web publishing challenges for particular types of legislation and a range of technical IT topics. Other discussions at the forum included "Rules as Code", open data and knowledge management.

In early 2019, NSW PCO commenced preparations to host the 2019 Forum in Sydney in July. The Forum will follow the theme of “Collaboration” and is being co-ordinated by a cross-office team of PCO staff.



The custom bag design for this year's Forum.

Services for public access to legislation

NSW legislation website and database

PCO provides free access to an authoritative, up-to-date collection of NSW legislation through its legislation website, www.legislation.nsw.gov.au. The website contains “In Force” legislation, “As Made” legislation, historical versions and other information about legislation in an easily accessible and searchable format. The website delivers the following features:

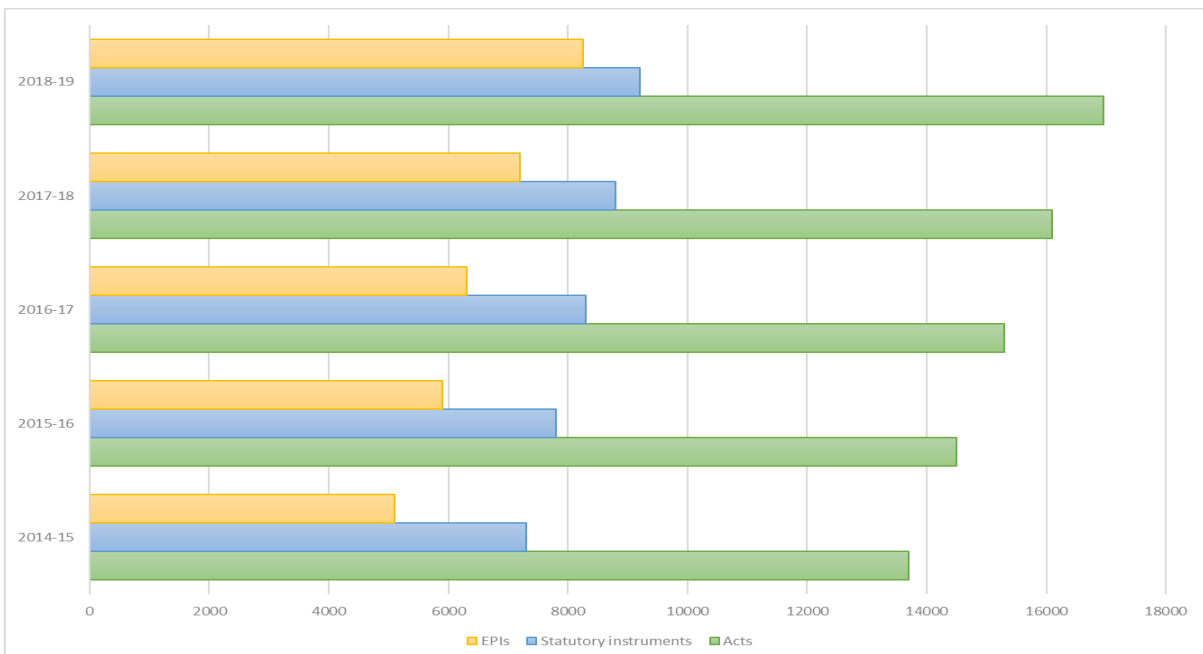
- dynamic up-to-date collection of In Force NSW Acts and subordinate legislation, including EPs. This collection is authorised under the *Interpretation Act 1987* as correct and is presented in HTML (Hypertext Markup Language) format but is also downloadable in PDF and XML formats,
- official online notification of the making of new statutory instruments, including EPs,
- official publication of the Government Gazette,
- superseded and repealed versions of legislation to provide point-in-time access (in HTML format but also downloadable in PDF and XML format and authorised under the *Interpretation Act 1987*),

- 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.

Underpinning the legislation website is a comprehensive database that captures NSW Acts and principal statutory instruments, including EPIs, and is updated when laws are amended. The database is 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).

	2014–15	2015–16	2016–17	2017–18	2018–19
Acts	13,700	14,500	15,300	16,100	16,960
Statutory instruments (excluding EPIs)	7,300	7,800	8,300	8,800	9,200
EPIs	5,100	5,900	6,300	7,200	8,250



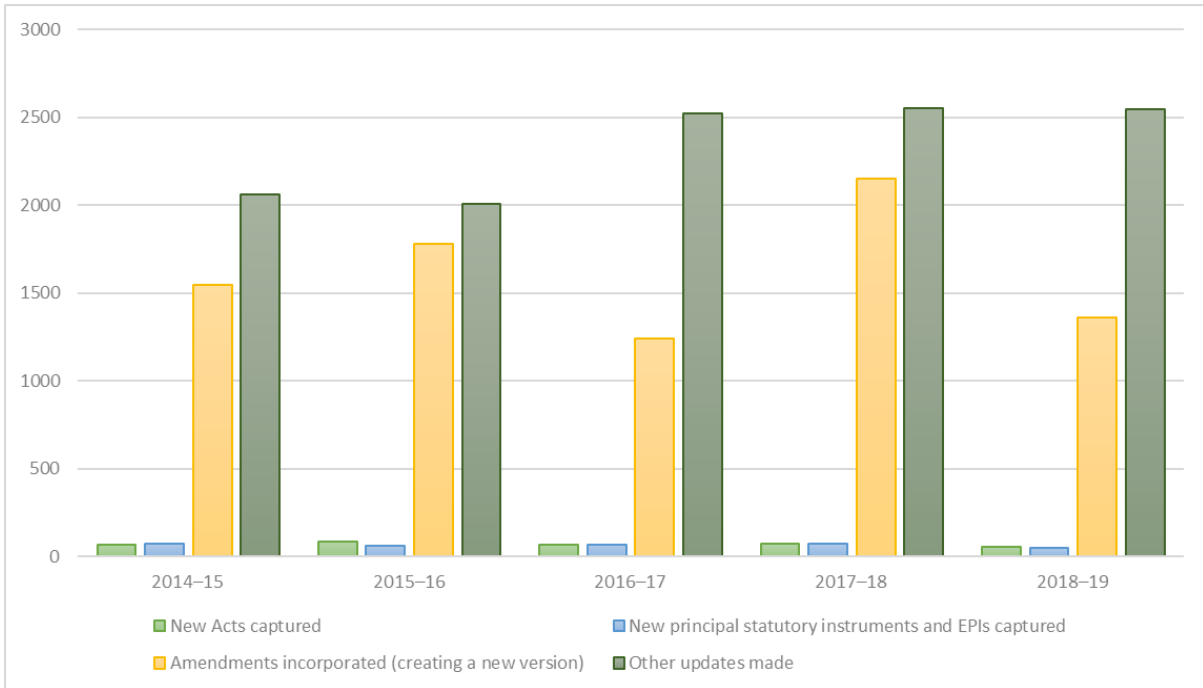
The measures for this service are:

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

2018–19 performance: The NSW legislation website continued to be updated in a timely way and to deliver accurate, current and point-in-time access to legislation, and information about legislation, with a continuing pattern of high usage.

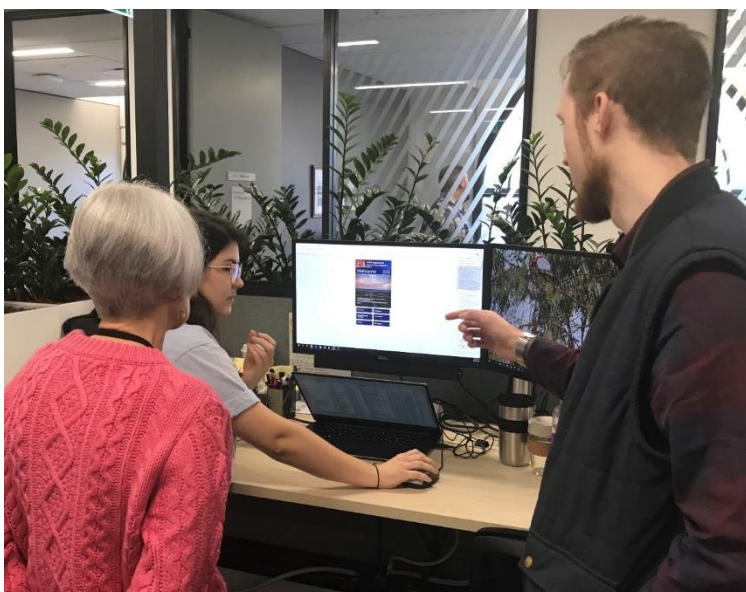
Multiple checking processes ensured that data quality remained high and the content was generally error-free. The number of amendments being incorporated into principal instruments was particularly high in 2018–19 compared with previous years, which required close monitoring of staffing resources to enable deadlines to be met. In 2018–19, a high proportion of legislation database tasks (including new instruments, consolidated versions and general updates) were completed within the agreed turnaround time. With a strong emphasis on verifying the accuracy of versions prior to their addition to the Legislation Database, performance indicators were adapted to reflect this measure.

	2014–15	2015–16	2016–17	2017–18	2018–19
New Acts captured	65	87	65	75	55
New principal statutory instruments and EPIs captured	75	63	69	71	48
Amendments incorporated (creating a new version)	1,548	1,780	1,242	2,151	1363
Other updates made	2,063	2,008	2,523	2,549	2543



Users of the website were surveyed about various aspects of the site. Feedback was positive and a satisfaction rating of 79% was achieved. The reliability and currency of the content was particularly well regarded but technical problems during the year that impacted the speed of the website were frustrating for users. The underlying cause of this problem related to the slow loading times following migration of the IaaS platform on the Government Data Centre and is being rectified.

PCO continued to make the In Force collection of legislation available for free download in XML format to all users. Subscribers to PCO's source data, including government departments, commercial publishers, the Australasian Legal Information Institute (AustLII) and the Judicial Commission, successfully transitioned from the subscription service to online XML delivery in late 2018.



The project team working on the review and refresh of PCO's websites.

Notification of statutory instruments and publication of Government Gazette

Since 2009, PCO has provided official notification of the making of new statutory instruments on the NSW legislation website. From 1 January 2014, PCO assumed responsibility for producing and publishing the Government Gazette, which is now an online-only publication. PCO also facilitates the centralised scheme for notifying Parliament of regulations and other statutory instruments that require tabling. Under the scheme, PCO identifies and provides to Parliament those instruments that are required to be tabled in Parliament.

The NSW legislation website includes a separate 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. Public access to legislation is further supported through the provision of RSS feeds for those users monitoring particular types of legislation.

The measures for this service are:

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

2018–19 performance—Official online notification of statutory instruments

Statutory instruments (excluding EPIs)	2014–15	2015–16	2016–17	2017–18	2018–19
Number officially made	428	419	466	442	455
Pages	3,147	2,427	4,287	4,285	2,778
EPIs					
Number officially made	363	385	306	337	356
Pages	2,319	1,307	1,074	1,181	1,056
Government Gazette	2015–16	2016–17	2017–18	2018–19	
Number	120	142	134	150	
Pages	4,150	5,745	8,609	8,495	

PCO is working towards more streamlined gazettal processes and to ensure the content of the Gazette remains legally relevant. This is an interactive process of working with stakeholders and system developers to find appropriate legal and publishing solutions.

Legislation Information Service

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

The measure for this service is:

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

2018–19 performance: PCO answered over 800 phone calls and responded to over 300 email inquiries throughout the course of the year. This was consistent with previous years.

Internal services to support PCO's objectives

Knowledge and development

The aim this internal service is to facilitate knowledge transfer and sharing within PCO, ensure knowledge retention and ensure consistency and the maintenance of standards in the drafting and publication of NSW legislation for coming decades. The service proactively addresses the identified risk at PCO of knowledge being lost with retirements and staff movements.

The measures for this service are:

- *to provide a knowledge management process and supporting system, including the ongoing capture and review of information,*
- *to develop staff and foster professional knowledge sharing, including providing training programs for junior drafting and publications staff.*

2018–19 performance: PCO's Knowledge Management Committee was reviewed and a more streamlined approach was taken to co-ordinating oversight of PCO's knowledge management systems and development activities.

Activities this year included a focus on "soft skill" training, the clarification of career pathways for drafting staff, the continued promotion of self-driven learning via LinkedIn Learning and other electronic learning tools and the ongoing monitoring of PCO's interactive wiki-style tool called "Gulbarra" (meaning "to know" in Wiradjuri). Gulbarra is the primary tool for intra-office communications and for capturing and sharing information. It enables staff to store and share professional drafting and publishing knowledge, both formal and informal. It is also the forum for communications about office changes, policies and events. All PCO employees

contribute to maintaining Gulbarra and this facilitates staff engagement across all areas of the Office. Work is underway to move Gulbarra from the DokuWiki platform to SharePoint, which should enable easier interaction with Gulbarra's content.

Legislative systems maintenance, development and related projects

PCO's legislative systems consist of the hardware, specialist applications and networks that support the delivery of legislative drafting and publishing services, including the delivery of public access to legislation. The main applications are closely integrated and consist of the highly customised FrameMaker drafting and publishing tool, the bespoke LEGIS document management system and the public-facing NSW legislation website.

The measures for this service are:

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

2018–19 performance: During 2018-19, there was, on average, 98% availability of legislative systems. There were 16 unplanned outages on various platforms. The largest impact (17 days) was to the GovConnect identity management system affecting user access to systems for a few, but not all, PCO staff members. Despite these delays, service delivery to clients was not severely affected.

Major projects undertaken in 2018–19 included:

- set up of cloud-based service desk solution,
- migration of servers from IaaS at Silverwater Government Data Centre to GovConnect-managed AWS cloud,
- migration of email, distribution lists and mail-flow from on-premise infrastructure at Government Data Centre to o365 cloud-based solution,
- replacement of anti-virus software with Symantec Endpoint Protection on all desktops and servers,
- migrated PCC Govdex collaboration site to Government Data Centre hosted by GovConnect and managed by NSW PCO.

Other system developments were:

- ongoing refinements and enhancements to the NSW legislation website,
- ongoing refinements to LEGIS, publishing and website applications,
- ongoing refinements to the current drafting application.

Corporate governance and client engagement activities

This internal service includes overall financial and personnel management, governance and compliance activities, facilities management and management of PCO's external relationships.

The measures for this service are:

- *recurrent and capital expenditure is within budget,*
- *staff development and performance management are undertaken and recruitment and workforce plans are in operation,*
- *external relations with the wider legal community, including the judiciary, instructing officers, general counsel and legal branches, are managed and international drafting support is fostered,*
- *there is timely compliance with public sector and corporate compliance reporting and activities,*
- *office accommodation and related services are well maintained and meet the operational needs of the Office.*

2018–19 performance: All service objectives were met. This service provided a higher-than-usual level of support for team restructures and recruitment activities this year. Activities supporting stakeholder engagement and communications were also a key focus this year. Work is continuing on improving staff development and performance management activities, governance support and further enhancing client-focused engagement activities.

This service covers matters that are addressed in more detail the 'Corporate governance' and 'Administration, funding and expenditure' sections of this Annual Report.

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

Management review

Achieving service measures

PCO uses the following mechanisms to ensure that it achieves its service measures:

- a leadership team comprised of the Parliamentary Counsel, Deputy Parliamentary Counsel, Principal Assistant Parliamentary Counsel and Directors of the Production and Access, IT and Corporate Services teams meets monthly and reviews progress against PCO's core objectives,
- purpose-built reporting tools within LEGIS to enable drafting program managers to monitor the progress of projects against agreed turnaround times,
- regular meetings of the Parliamentary Counsel, Deputy Parliamentary Counsel and Principal Assistant Parliamentary Counsel to discuss drafting priorities and workloads,
- regular meetings of the Parliamentary Counsel and the Directors leading Production and Access, IT and Corporate Services to discuss priorities, projects, staffing and office resources and to identify any emerging issues,
- monthly meetings of the Committee for Digital Transformation, which has oversight of business process and systems development. The Committee sets priorities for new projects and monitors current projects and related operational matters.

Participating in forums for feedback and benchmarking

PCO also engages in the following forums that provide feedback and potential for collaboration with stakeholders:

- the NSW Parliamentary Counsel is the Secretary-Chair of the Australasian Parliamentary Counsel's Committee (PCC), which provides a forum for benchmarking activities with drafting offices in other Australasian jurisdictions,
- representatives from PCO attend the annual PCC IT, Publishing and Office Systems Forum, which provides an effective mechanism for exchanging technical and operational information, seeking solutions to common problems and evaluating new and emerging technology in the legislative drafting and publishing fields,
- drafters from PCO attend the PCC Drafting Conference, which is held every 2 to 3 years and provides a forum for drafters to exchange ideas, keep up to date on the latest drafting developments and learn from the experience of other jurisdictions. Junior

drafters are particularly encouraged to attend this conference to complement their on-the-job training,

- PCO actively contributes to the development of the legislative drafting profession internationally through ongoing involvement in the Commonwealth Association of Legislative Counsel,
- representatives from PCO participate in a Supreme Court consultative group to facilitate engagement and feedback on issues of general principle concerning statutory interpretation and legislative drafting practices,
- the Parliamentary Counsel and Director, Production and Access, maintain contact with the Clerks of both Houses of Parliament to ensure PCO's support for Parliament continues to be effective and efficient,
- the Director, Governance and Operations, and the Director, IT, represent PCO at a range of forums within the DPC Cluster, the GovConnect NSW client base and in the wider public sector to ensure that PCO is kept abreast of corporate and governance practices and other sector-wide initiatives,
- PCO conducted two stakeholder surveys in June 2019 to obtain feedback and assess satisfaction with PCO's services over the past year. One survey targeted drafting and publishing stakeholders and the other was for users of the legislation website,
- PCO works co-operatively with other small NSW government agencies to share ideas and resources and to collaborate where possible,
- PCO hosts guest speakers from the judiciary and the wider legal community to speak with PCO staff about matters relevant to the drafting and interpretation of legislation,
- PCO regularly welcomes staff from other departments for information sessions on the work of PCO and this now includes running formal information sessions for those public servants who instruct PCO on legislation that is being drafted.

Challenges

An ongoing challenge for PCO is the management of externally driven drafting workloads. PCO's drafting services are largely demand-driven according to the Government's legislative agenda and that of non-Government members. As a result, PCO must manage fluctuating and varying drafting requirements. As well as the challenge of balancing workloads, this can make meaningful service measures problematic, as PCO often cannot control its workflow in terms of volume and qualitative complexity.

PCO manages this challenge by maintaining a multi-skilled staff who can work across all programs, reviewing and streamlining processes and maintaining good working relationships and clear communication lines with key client agencies. This was enhanced during 2018–19

by the commencement of a series of formal information sessions for public servants who instruct PCO on drafting matters. A review of end-to-end processes also identified areas for process streamlining that will enhance PCO's ability to continue to deliver high-quality services when demand for our services is at its peak.

Given the age profile of PCO's workforce and the recognised shortage of experienced legislative drafting, production and systems specialists needed for this work, building workforce capacity was another challenge that was proactively addressed during 2018–19. A thorough review and restructure of PCO's workforce resulted in a more defined team-structure and a refreshed profile to focus on future talent at all levels. A new program of knowledge and skill development has commenced and, in 2018–19, this focused on building leadership skills, improving communication with colleagues and enhancing supervision skills.

Forward projects and planning

In addition to its ongoing services, the management team has a strong commitment to modernising PCO and driving efficiency and innovation in service delivery. This includes:

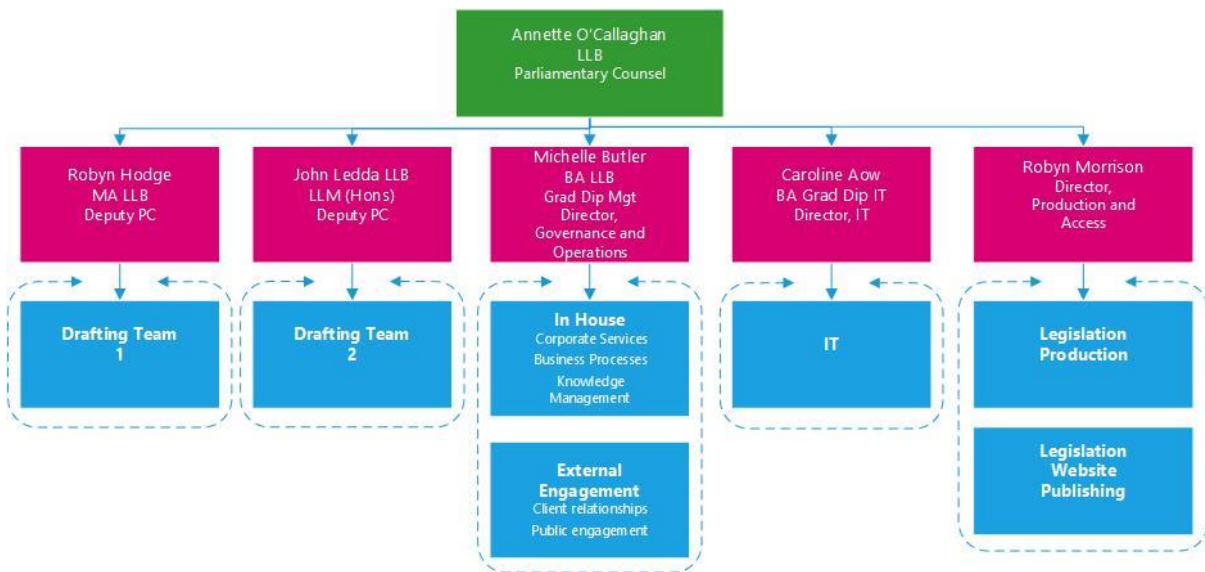
- **digital transformation**—In addition to system developments already in place, the end-to-end review of drafting and production processes undertaken in 2018–19 has triggered a series of process changes and enhancements that will transform the way PCO works. This includes automation projects that will speed up processing and production times, reduce quality risks and enhance communication with stakeholders. Larger scale projects include converting PCO's SGML database to XML, migrating Gulbarra to a new SharePoint platform, launching a new corporate website and streamlining gazettal processes to maintain the relevance and function of the Government Gazette,
- **reaching out to the sector to improve relationships with instructing agencies and enhance delivery of services to those agencies**—PCO will build on the process commenced in 2018–19 of reaching out to stakeholders through formal information sessions, engaging in speaking opportunities, releasing a new manual for the drafting of legislation and actively raising PCO's profile with stakeholders,
- **continuing to build workforce capacity to meet future service delivery demands**—Building on the structural changes and recruitment actions of 2018–19, PCO will focus on recruiting key experts to fill capability gaps, enhancing staff development activities and upskilling leaders and managers to drive future performance. PCO will also continue to promote wellbeing and other workforce programs that promote a mentally healthy and satisfying workplace where staff display the resilience, adaptability and self-direction needed to meet service demands.

Human resources

Structure and organisation

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

Organisation chart (as at 30 June 2019)



Staff profile

As at 30 June 2019, PCO employed 56 staff, with an equivalent full-time staff of 43.00. 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, publishing, IT, administrative and support staff. Publishing and editorial staff are multi-skilled and trained to work across all production areas as workload demands require.

Having built up its in-house staffing during the year, PCO has reduced its reliance on contract drafters, who were experienced former drafters from a range of Australian jurisdictions who worked casually on a project basis where drafting demands required it. PCO currently retains two contract drafters.

The following table shows the number of PCO staff by employment category and gender over the past 5 years (excluding contract drafters engaged on a project basis).

As at	30 June 2015		30 June 2016		30 June 2017		30 June 2018		30 June 2019	
	M	F	M	F	M	F	M	F	M	F
Permanent full-time	9	19	8	18	8	17	8	17	7	19
Permanent part-time	1	8	0	8	0	7	0	10	0	5
Temporary full-time	0	2	0	2	1	1	1	2	0	7
Temporary part-time	0	0	0	0	0	2	0	0	0	2
Senior executive	7	3	6	6	6	7	4	7	6	7
On long-term leave without pay	0	2 #	0	2 #	0	0	0	0	1	2
Total by gender	17	34	14	36	15	34	13	36	14	42
Total	51		50		49		49		56	

Includes one senior executive

Workforce planning

PCO is committed to developing its staff and recognises the need to plan effectively for resourcing its future workforce. During 2018–19, PCO commenced a full review of its structure at both the executive and the team level. The review considered the capabilities and staffing numbers needed in each team and at each level to ensure we have the right people in place to deliver successful outcomes for stakeholders both now and into the future.

In terms of succession planning, PCO undertook additional entry-level recruitment in 2018–19 and focused its training and development effort on entry-level, leadership level and “pipeline” development activities. PCO continued to proactively prevent knowledge loss through the Knowledge and Development Program and close “mentor-style” supervision of developing drafters. PCO also uses flexible work practices to accommodate parental leave and other career breaks, which assists in retaining specialist staff in the long term.

Training and development

Appropriate training is integral to the development and maintenance of professional standards and quality control processes. PCO aims to provide all drafting and publishing staff with skills and experience across all program areas to meet the varying peak periods for each drafting and publishing program and to provide variation of work for employees. In-house

subject-matter experts contribute to the development and delivery of training programs. The Knowledge and Development program co-ordinates and supports these activities.

PCO currently provides a mix of formal training and on-the-job training for legislative drafters, editorial, technical and support staff. This includes the following:

- junior officers work under the supervision of a senior officer, which allows for training, mentoring, coaching and knowledge transfer on a one-to-one basis,
- formal training, both in-house and externally, consisting of seminars, workshops and courses in areas appropriate to the capabilities needed for PCO's workforce,
- opportunities are provided for involvement in external stakeholder activities, such as attending meetings of the Supreme Court and PCO Consultative Group where issues of general principle concerning statutory interpretation and legislative drafting practices are discussed. An in-house (Continuing Professional Development) program is provided that meets requirements for lawyers under the rules of the NSW Bar Association and the Law Society of NSW,
- leadership training and coaching for PCO's senior leaders,
- participation in sector-wide training activities to keep up with changes in financial, HR, IT and compliance areas,
- individuals undertaking relevant external study to further develop their skills are assisted with study leave. In 2018–19, this included an employee undertaking formal studies in financial accounting.

Performance management and development

All staff are subject to formal performance management systems involving performance agreements and progress and annual reviews. PCO's performance management framework is based around three key themes—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.

Senior executives

In accordance with Public Service Commission Circular 2014–09, the following information is provided about senior executives at PCO.

Senior executives by band and gender				
Band	2017–18		2018–19	
	Male	Female	Male	Female
Band 4	—	—	—	—
Band 3	—	1	—	1
Band 2	2	2	3	1
Band 1	3	6	4	6
Totals	5	9	7	8
	14 ¹		15 ²	

1 One Band 1 role was vacant and one role was filled by temporary assignment due to an executive being on long-term leave (both executives are included above).

2 Six roles were filled by temporary assignment as at 30 June and one was effectively vacant due to an executive being on long-term leave.

Senior executives by band and remuneration (at 30 June 2019)			
Band	Range (\$)	Average remuneration	
		2017–18 (\$)	2018–19 (\$)
Band 4	475,151–548,950	—	—
Band 3	337,101–475,150	430,000	440,750
Band 2	268,001–337,100	301,529	266,647 ¹
Band 1	187,900–268,000	214,597	215,832

1 Includes two executives engaged on a part-time basis.

% Expenditure	2017–18	2018–19
% of PCO's employee-related expenditure related to senior executives.	49.07	52.33

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 clerical and legal staff in accordance with the *Crown Employees (Public Sector—Salaries 2019) Award*. The Statutory and Other Offices Remuneration Tribunal determined an increase of 2.5% for senior executive officers, effective from 1 July 2018.

Workforce diversity and inclusion

PCO is committed to promoting diversity and inclusion in the workplace and is focused on established diversity groups—Aboriginal people, women, people with a disability and people from culturally and linguistically diverse backgrounds. PCO aims to establish and develop a workforce that draws on the diversity of the people of NSW. It recognises that a diverse workforce provides opportunities for improving service delivery. PCO is committed to the NSW Government's goals of a workplace culture displaying fair practices and behaviours and improved employment access and participation for diversity groups. The Parliamentary Counsel is responsible for ensuring workforce diversity and that it is integrated into workforce planning at PCO.

PCO has continued to adhere to the objectives and actions set out in its Diversity and Inclusion Policy (released in July 2018), which are:

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

Some of the actions included providing an environment where staff can share their views with other staff, encouraging staff to balance work and family commitments using flexible work practices (including part-time work and working from home), promoting diversity principles during staff induction and ensuring that all policies and procedures comply with and support equity standards.

PCO also develops and retains a diverse workforce by incorporating the capability framework in its role descriptions, recruitment processes and performance management system.

As PCO is a small agency, it is only required to report on workforce diversity on a triennial basis. However, PCO chooses to provide an annual performance report. The representation and distribution of workforce diversity groups at PCO as at 30 June 2019 are provided in the

tables below. All data in these tables has been sourced from the Public Service Commission's Workforce Profile.

Trends in the representation of workforce diversity groups

Workforce diversity group	Benchmark-Target (%)	2017 (%)	2018 (%)	2019 (%)
Women	50.0	69.4	73.5	76.8
Aboriginal People and Torres Strait Islanders	3.3	2.7	2.4	1.8
People whose first language spoken as a child was not English	23.2	27.6	27.7	20.9
People with a disability	5.6	8.8	9.2	8.8
People with a disability requiring work-related adjustment	N/A	2.0	2.0	4.5

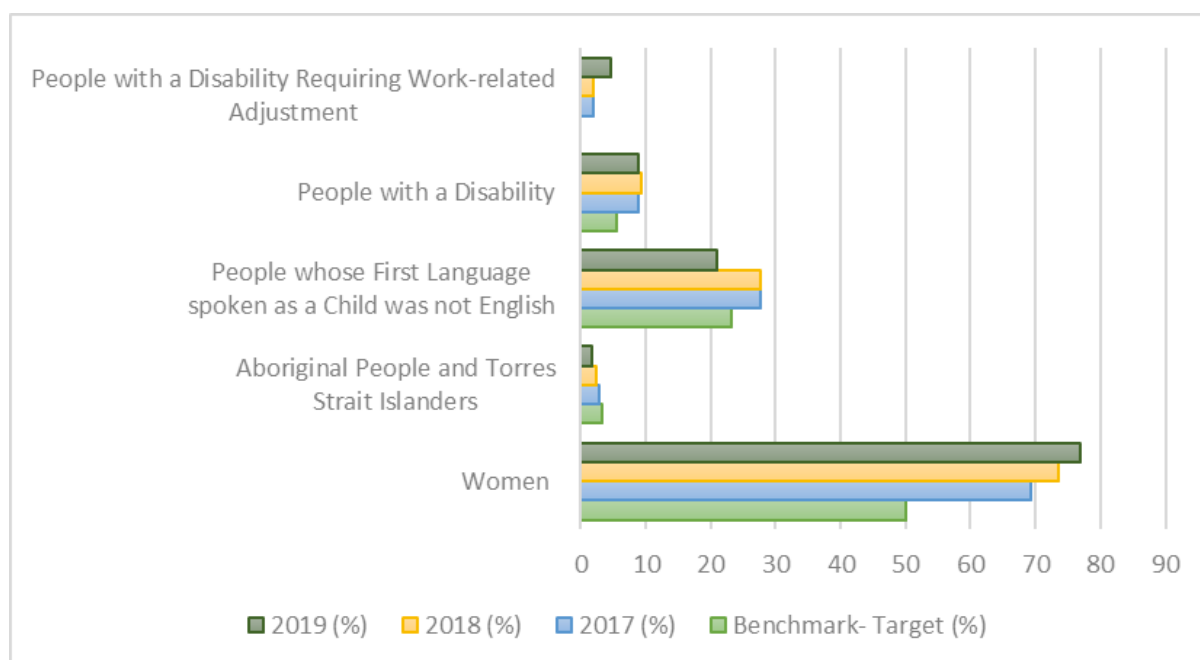
Note 1: The benchmark of 50% for representation of women across the sector is intended to reflect the gender composition of the NSW community.

Note 2: The *NSW Public Sector Aboriginal Employment Strategy 2014 –17* introduced an aspirational target of 1.8% by 2021 for each of the sector's salary bands. If the aspirational target of 1.8% is achieved in salary bands not currently at or above 1.8%, the cumulative representation of Aboriginal employees in the sector is expected to reach 3.3%.

Note 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.

Note 4: In December 2017, the NSW Government announced the target of doubling the representation of people with disability in the NSW public sector from an estimated 2.7% to 5.6% by 2027. More information can be found at: [Jobs for People with Disability: A plan for the NSW public sector](#). The benchmark for 'People with Disability Requiring Work-Related Adjustment' was not updated.

Trends in the representation of workforce diversity groups



Trends in the distribution of workforce diversity groups

Workforce diversity group	Benchmark-Target (%)	2017 (%)	2018 (%)	2019 (%)
Women	100	N/A	N/A	N/A
Aboriginal People and Torres Strait Islanders	100	N/A	N/A	N/A
People whose first language spoken as a child was not English	100	N/A	N/A	N/A
People with a disability	100	N/A	N/A	N/A
People with a disability requiring work-related adjustment	100	N/A	N/A	N/A

Note 1: A Distribution Index score of 100 indicates that the distribution of members of the Workforce Diversity group across salary bands is equivalent to that of the rest of the workforce. A score less than 100 means that members of the Workforce Diversity group tend to be more concentrated at lower salary bands than is the case for other staff. The more pronounced this tendency is, the lower the score will be. In some cases, the index may be more than 100, indicating that members of the Workforce Diversity group tend to be more concentrated at higher salary bands than is the case for other staff.

Note 2: The Distribution Index is not calculated when the number of employees in the Workforce Diversity group is less than 20 or when the number of other employees is less than 20.

Women

PCO exceeded the benchmark figure for representation of women in the workforce by 28.8%.

Aboriginal People and Torres Strait Islanders

PCO aims to improve Aboriginal employment, access and workforce participation but, due to the small size of PCO, there are limited opportunities to do this. As such, PCO was slightly under the benchmark target for this diversity group.

People whose first language spoken as a child was not English

The objectives and actions in PCO's Diversity and Inclusion Policy include ensuring the promotion of plain language, awareness of cross-cultural issues arising in drafting, facilitating easy access to legislation, promoting a culturally diverse workforce and accommodating cultural requirements in the workplace where possible.

PCO has not entered into any agreements with Multicultural NSW under the *Multicultural NSW Act 2000*. PCO incorporates its Multicultural Policies and Services Plan into its Diversity and Inclusion Policy and Plan.

People with a disability, including those requiring work-related adjustment

PCO is committed to the NSW Government's goals of a workplace culture displaying fair practices and behaviours and improved employment access and participation for people with a disability. PCO is not required to have a Disability Inclusion Action Plan, as defined in the

Disability Inclusion Act 2014, as it is not a Department but an executive agency related to a Department.

However, PCO currently has practices in place to ensure that people with disabilities are catered for in its operations and service delivery, including the following:

- building access—there is disabled access, including lifts and bathrooms for the disabled,
- workplace adjustments—workplace adjustments, including specialist equipment and flexible working arrangements, are provided for employees with disabilities,
- accessible web design—PCO's websites and intranet have been developed to ensure that content is available to the widest possible audience, including readers using assistive technology or accessibility features. By adhering to guidelines for accessible web design, PCO acknowledges the diversity of communication methods, available technologies and abilities of internet users in the community. PCO strives to maintain conformance to W3C's Web Content Accessibility Guidelines,
- provision of legislation for the visually impaired—access keys are available on the NSW legislation website to enable vision impaired users to skip directly to relevant content areas on a page,
- copies of legislation in electronic format are also provided on request, at no cost, for the visually impaired, and the visually impaired can also access legislation in PDF using the accessibility tools in software products,
- assistance for hearing and speech impaired persons—customers and staff can access PCO services using the National Relay Service,
- recruitment information—PCO's Guide for Job Applicants is available on the corporate website and encourages suitably qualified applicants who have a disability to apply and to discuss any specific requirements with the contact officer for the role,
- plain language—the application of plain language to drafting (including the preparation of any new legislation relating to disability) optimises access to legislation by all users, including those with a disability.

Corporate governance

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

Triennial reporting of certain matters

PCO falls within the exemption provisions of clause 14 of the *Annual Reports (Departments) Regulation 2015*, which provides for small departments to report triennially rather than annually on certain matters. The 2015–16 year was PCO's last triennial reporting year. The areas required to be reported on are:

- workforce diversity—see 'Human resources',
- disability inclusion action plan—see 'Human resources',
- multicultural policies and services program—see 'Human resources',
- work health and safety—see 'Corporate governance'.

However, it is noted that PCO chooses to report annually on these areas and performance reports have been included in PCO's last 4 annual reports.

Audit and 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 PCO's 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 to ensure that risks are being appropriately managed.

Treasury Policy Paper (TPP) 15–03 *Internal Audit and Risk Management Policy for the NSW Public Sector* requires that agencies include a statement attesting to their compliance with that TPP in their annual reports. The Parliamentary Counsel's attestation for 2018–19 is shown on the next page.

Internal audit and risk management attestation statement for 2018–19



Parliamentary Counsel's Office

Internal Audit and Risk Management Attestation Statement for the 2018–2019 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 eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

Risk Management Framework

- | | | |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| 1.1 | The agency head is ultimately responsible and accountable for risk management in the agency. | Compliant |
| 1.2 | A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009. | Compliant |

Internal Audit Function

- | | | |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| 2.1 | An internal audit function has been established and maintained. | Compliant |
| 2.2 | The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing. | Compliant |
| 2.3 | The agency has an Internal Audit Charter that is consistent with the content of the "model charter". | Compliant |

Audit and Risk Committee

- | | | |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| 3.1 | An independent Audit and Risk Committee with appropriate expertise has been established (shared arrangement with Department of Premier and Cabinet). | Compliant |
| 3.2 | The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations. | Compliant |
| 3.3 | The Audit and Risk Committee has a Charter that is consistent with the content of the "model charter". | Compliant |

Membership

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

- Independent Chair, Gerardine Brus (Jan 2018 – Dec 2020)
- Independent Member, Garry Dinnie (Oct 2017 – April 2021)
- Independent Member, Christine Feldmanis (Dec 2017 – Nov 2020)

Annette O'Callaghan
Parliamentary Counsel

Date: 19.9.19

Contact Officer:
Michelle Butler
Director, Governance and Operations
Ph 9321 3381

Insurance

In 2018–19, 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, motor vehicle accident, property, liability and miscellaneous insurance cover.

Legislation administered by PCO

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

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

Consumer response

PCO is committed to providing quality customer services through courteous and prompt assistance. During the reporting period, PCO did not receive any formal complaints. Options available to the public to obtain or request information, or to provide feedback, include telephone inquiries and email, with relevant contact details available on PCO's websites.

The Parliamentary Counsel considers any feedback in relation to drafting and publishing services and implements changes as required. The Committee for Digital Transformation considers any feedback or suggestions received throughout the year in relation to systems and processes.

Complimentary feedback was regularly received from instructing departments and users of the NSW legislation website. Responses to two surveys—one for key stakeholders in legislative and drafting services and one for users of the legislation website—were overwhelmingly positive. Feedback from clients in 2018–19 influenced the content and direction of PCO's instructor training sessions and other stakeholder engagement activities and contributed to the review of PCO's websites.

Cyber security

The Digital Information Security Policy requirements that a department head must attest annually to the adequacy of its digital information and information systems security were replaced in 2018–19 by a similar requirement under the NSW Cyber Security Policy. The Parliamentary Counsel's attestation is shown below.



Parliamentary Counsel's Office

Cyber Security Annual Attestation Statement for the 2018-2019 Financial Year for Parliamentary Counsel's Office

I, Annette O'Callaghan, Parliamentary Counsel, am of the opinion that the Parliamentary Counsel's Office has identified and will be managing cyber security risks in a manner consistent with the Mandatory Requirements set out in the *NSW Government Cyber Security Policy* that came into effect from 1 February 2019.

Risks to the information and systems of the Parliamentary Counsel's Office have been assessed, identified and will be managed.

Governance will be put in place to manage the cyber-security maturity and initiatives of the Parliamentary Counsel's Office.

A cyber incident response plan will be created, to incorporate the current Business Continuity and Disaster Recovery Plans that have been tested during the reporting period.

An independent review of the Parliamentary Counsel's Office's reporting against the mandatory requirements of the NSW Cyber Security Policy was undertaken by The Missing Link that identified the Office's current maturity level at 1.6. The review provides a roadmap to increase the Parliamentary Counsel's Office's maturity level to a minimum maturity score of 3 and this will be addressed in a timely manner.

References:

- Parliamentary Counsel's Office's service providers, Unisys, Infosys and Leidos, have provided their attestation for the financial year 2018-2019. All service providers are ISO27001:2013 certified with active certifications.
- The Missing Link: Independent assessment of PCO's Cyber Security Maturity.
- The Missing Link: Independent assessment of PCO's ASD8 (Essential 8) Maturity.

A handwritten signature in black ink, appearing to read 'A. O'Callaghan'.

Annette O'Callaghan
Parliamentary Counsel
26 August 2019

Attachment A – CSP & Essential 8 Maturity Reporting for PCO

Attachment B – Crown Jewels for PCO

Attachment C – Cyber Security Risks for PCO

Attachment D – Independent assessment of PCO's Cyber Security Maturity and ASD8 (Essential 8) Maturity conducted by The Missing Link including Roadmap

Attachment E – Unisys CSP Attestation & ISO 27001 certification

Attachment F – Infosys CSP Attestation & ISO 27001 certification

Attachment G – Leidos ISO 27001 certification

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Telephone No (02) 9321 3333 Email parliamentary.counsel@pco.nsw.gov.au

Government information

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

The *Government Information (Public Access) Act 2009* (GIPA Act) provides for public access to government-held information and the proactive public release of government information and is available on PCO's corporate website. This right of access is restricted only when there is an overriding public interest against disclosing the information. It is noted that many of the documents kept by PCO cannot be released as they are Cabinet documents or documents attracting legal professional privilege and there is an overriding public interest against disclosing these documents to the public.

Review and proactive release of information program

Under section 7 of the GIPA Act, agencies must review their programs for the release of government information to identify the kinds of information that can be made publicly available. This review must be undertaken at least once every 12 months and PCO complied with this requirement in 2018–19.

In addition to the current and historical legislation of NSW, 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 making of legislation,
- a series of drafting practice documents that provide insight to drafting matters such as the use of plain language, gender neutral language and the use of savings and transitional provisions in legislation.

Release of information in 2018–19

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/or the PCO corporate website. During 2018–19, the following material was made available:

- all new legislative material relevant to the statute book of NSW was added to the legislation website in accordance with the *Interpretation Act 1989*. The "In Force" versions of this material continue to be available as downloadable XML so they can be easily re-used by publishers and other users of legislation,

- revised FAQs and templates were published outlining the procedures for gazettal and notifying legislation on the legislation website,
- a new Manual for the Drafting of Non-Government Legislation was published on the corporate website,
- up-to-date versions of corporate documents such as the Annual Report and the Code of Conduct were included on the corporate website.

PCO also reviews any information sought and released pursuant to GIPA access applications received over the reporting year to determine whether it should be released to the public generally, as well as to the applicant. No information of this type was publicly released in 2018–19.

Number of access applications received and refused and statistical information

Clause 8(b) and (c) of the *Government Information (Public Access) Regulation 2018* (GIPAR) requires agencies to report on the number of applications received and refused respectively. PCO has reported this information to the Information Commissioner via the GIPA online reporting tool.

GIPA Act applications 2018–19	No.
Number of access applications received—clause 8(b) GIPAR	0
Number of refused applications for Schedule 1 information—clause 8(c) GIPAR	0

Under GIPAR clause 8(d), statistical information is required to be provided about access applications in the format set out in Schedule 2 to GIPAR. As no applications were received, no statistics are provided.

Privacy Management Plan

Clause 6 of the *Annual Reports (Departments) Regulation 2015* 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 released a new Privacy Management Plan in March 2018. It was published to PCO staff on Gulbarra and is available on www.pco.nsw.gov.au. The Plan has two purposes:

1. to demonstrate to members of the public how PCO upholds and respects the privacy of clients, staff and others about whom personal information is held,

2. to act as a reference tool for employees to explain how PCO may best meet its privacy obligations under the PPIP Act and the *Health Records and Information Privacy Act 2002* (NSW).

The Director, Governance and Operations, is PCO's Privacy Contact Officer. PCO's corporate website contains a Privacy Notice advising that personal information will be handled in accordance with the PPIP Act.

It is noted that 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 provided to new employees as part of their induction program and is also 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 2018–19 year.

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 Act.

In accordance with clause 4 of the *Public Interest Disclosures Regulation 2011*, the following information is provided on public interest disclosures for the period 1 July 2018 to 30 June 2019:

Public interest disclosures 2018–19	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. Relevant officers have attended a Public Interest Disclosure Management workshop conducted by the NSW Ombudsman's office.

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 2018–19.

Work health and safety

PCO is committed to ensuring the health and safety of those engaged in the work of PCO and of visitors to the premises. PCO places a strong emphasis on the prevention of accidents and injuries, the early notification of injuries and the supportive management of claims to facilitate a speedy return to work. There were no workers compensation claims in 2018–19.

	2017–18	2018–19
Details of injuries and prosecutions under the <i>Work Health and Safety Act 2011</i>	1	0

Work, health and safety issues were a key consideration when PCO designed its current premises and fit out and include ergonomic furniture and other equipment. Assessments of individual workspaces are conducted for all staff when commencing with PCO or when otherwise required.

The Work Health and Safety Committee meets quarterly and reviews the measures taken to ensure that Work Health and Safety (WHS) practices are appropriate. The minutes of Committee meetings are made available to both management and staff.

PCO continues to ensure the safety of staff by training staff in emergency evacuation exercises and first aid, and emergency management and after-hours access procedures are kept updated on Gulbarra. Regular training is also provided for Fire Wardens and First Aid Officers.

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

- Work Health and Safety Policy (December 2017),
- Work Health and Safety Strategic Plan and Procedures (March 2018),
- WHS Management Report (December 2017), including a WHS training register.

PCO also facilitates the following corporate wellbeing activities:

- sponsoring participation in the Global Challenge, a workplace health and wellness program aimed at changing the behaviour and improving the health of employees around the world by promoting 10,000 steps per day. This year, 21 employees took part in the 2019 Global Challenge (37.5% of PCO staff),
- providing staff with annual influenza vaccinations—55% of staff were vaccinated in April 2019,
- providing a free counselling service to all employees and immediate family through Converge International,
- offering seminars about wellness to staff, with one-hour sessions being provided by Converge International on various workplace wellness topics,
- hosting an R U OK day morning tea to encourage staff to take a break from work and chat with each other.

PCO is working with the Premier and Cabinet cluster to improve health and safety in accordance with the sector-wide WHS Strategy released during 2018–19. PCO has self-assessed highly against most areas of that plan and is actively addressing those areas where improvement is needed.

Administration, funding and expenditure

Account payment performance

Aged analysis at the end of each quarter (all suppliers)

Quarter	Current (within due date)	Less than 30 days overdue	Between 30 and 60 days overdue	Between 61 and 90 days overdue	More than 90 days overdue
September 2018	142,539	0	0	0	0
December 2018	176,184	0	0	0	0
March 2019	105,418	0	0	0	0
June 2019	2,903	0	0	0	0

Accounts due or paid within each quarter (all suppliers)

Measure	September 2018	December 2018	March 2019	June 2019
Number of accounts due for payment	71	101	93	116
Number of accounts paid on time	64	94	73	95
Actual percentage of accounts paid on time (based on number of accounts)	90.14	93.07	78.49	81.90
Dollar amount of accounts due for payment	404,222	598,069	658,056	684,533
Dollar amount of accounts paid on time	376,462	543,256	453,070	607,216
Actual percentage of accounts paid on time (based on dollars)	93	91	69	89

Small business suppliers

Measure	September 2018	December 2018	March 2019	June 2019
Number of accounts due for payment	0	0	0	0
Number of accounts paid on time	0	0	0	0
Actual percentage of accounts paid on time (based on number of accounts)	0	0	0	0
Dollar amount of accounts due for payment	0	0	0	0
Dollar amount of accounts paid on time	0	0	0	0
Actual percentage of accounts paid on time (based on dollars)	0	0	0	0
Number of payments for interest on overdue accounts	0	0	0	0
Interest paid on overdue accounts	0	0	0	0

Budget performance

PCO's expenditure came in below budget by \$349K due to underspends in employee-related expenses. This was the result of retirements of long-serving senior staff, an office-wide restructure and delays in filling several roles. In conjunction with the restructure, management invested in developing new talent through increased training programs and an entry-level recruitment program, which contributed to higher-than-budgeted other operating expenses.

Consultants

Two consultants were engaged by PCO during the 2018–19 year for a total value of \$22,325. These consultancies were for the development, conduct and analysis of surveys of PCO's stakeholders and users of the legislation website as part of PCO's performance monitoring and continual improvement activities.

Controlled entities and subsidiaries

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

Corporate services

PCO carries out some of its corporate support functions and financial management reporting in-house but has outsourced many high-volume services such as payroll, personnel records and payment of accounts for many years.

Since 2015–16, the service provider has been GovConnect NSW. PCO is not a direct party to this contract but is a beneficiary agency under the contract. A service level agreement is in place as part of that contract and those same service levels apply to beneficiary agencies.

Service levels were closely monitored and PCO was an active participant in client forums and other oversight activities. Management certification letters were received from GovConnect, which noted some deficiencies in the internal controls of the shared service provider, as identified by an independent control assessment. The Parliamentary Counsel's Office has effective internal controls to manage these deficiencies, and therefore they are not considered to have material impact on financial information and other compliance requirements.

Overseas visits

There were no overseas visits undertaken by PCO staff during 2018–19.

Financial statements

Statement of Opinion for 2018–19



Parliamentary Counsel's Office

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

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

- a) the accompanying financial statements in respect of the year ended 30 June 2019 have been prepared in accordance with applicable Australian Accounting Standards, the provisions of the *Public Finance and Audit Act 1983*, applicable clauses of the *Public Finance and Audit Regulation 2015* and the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities, and
- b) the statements exhibit a true and fair view of the financial position of the Parliamentary Counsel's Office as at 30 June 2019, and transactions for the year then ended, and
- c) there are no circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

A handwritten signature in blue ink, appearing to read 'A. O'Callaghan'.

Annette O'Callaghan
Parliamentary Counsel

19 September 2019

Financial Statements

of

Parliamentary Counsel's Office

for the year ended 30 June 2019

Parliamentary Counsel's Office

Statement of Comprehensive Income for the year ended 30 June 2019

		Actual	Budget	Actual
		2019	2019	2018
	Notes	\$000	\$000	\$000
Expenses excluding losses				
Operating expenses				
Employee related expenses	2(a)	7,608	8,691	7,707
Other operating expenses	2(b)	1,860	1,727	1,803
Depreciation and amortisation expense	2(c)	427	478	384
Finance costs	2(d)	6	4	6
Total expenses excluding losses		9,901	10,900	9,900
Revenue				
Recurrent grants from principal department	3(a)	9,209	9,777	8,815
Capital grants from principal department	3(a)	180	250	645
Sale of goods and services	3(b)	102	97	86
Other revenue	3(c)	-----	-----	1,400
Acceptance by the Crown Entity of employee benefits and other liabilities	3(d)	375	388	393
Total revenue		9,866	10,512	11,339
Other gains / (losses)	4	(4)	-----	9
Gain / (loss) on disposal	5	-----	-----	(133)
Net Result		(39)	(388)	1,315
Total comprehensive income		(39)	(388)	1,315

The accompanying notes form part of these financial statements.

Parliamentary Counsel's Office
Statement of Financial Position as at 30 June 2019

	Notes	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000
Assets				
Current assets				
Cash and cash equivalents	6	953	459	756
Receivables	7	200	70	39
Total current assets		1,153	529	795
Non-Current assets				
Property, plant and equipment				
- Plant and equipment	8	1,637	1,478	1,894
Intangible assets	9	298	464	295
Total non-current assets		1,935	1,942	2,189
Total assets		3,088	2,471	2,984
Liabilities				
Current liabilities				
Payables	10	273	356	172
Provisions	11	934	837	898
Total current liabilities		1,207	1,193	1,070
Non-current liabilities				
Provisions	11	311	317	305
Total non-current liabilities		311	317	305
Total liabilities		1,518	1,510	1,375
Net assets		1,570	961	1,609
Equity				
Accumulated Funds		1,570	961	1,609
Total Equity		1,570	961	1,609

The accompanying notes form part of these financial statements.

Parliamentary Counsel's Office
Statement of Changes in Equity for the year ended 30 June 2019

	Notes	Accumulated Funds \$000	Total \$000
Balance at 1 July 2018		1,609	1,609
Net Result for the year		(39)	(39)
Other comprehensive income:			
Total other comprehensive income		----	----
Total comprehensive income for the year		(39)	(39)
Balance at 30 June 2019		1,570	1,570

	Notes	Accumulated Funds \$000	Total \$000
Balance at 1 July 2017		294	294
Net Result for the year		1,315	1,315
Other comprehensive Income:			
Net Increase/(Decrease) in Property, Plant & Equipment		----	----
Total other comprehensive income		----	----
Total comprehensive income for the year		1,315	1,315
Balance at 30 June 2018		1,609	1,609

The accompanying notes form part of these financial statements.

Parliamentary Counsel's Office
Statement of Cash Flows for the year ended 30 June 2019

	Notes	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000
Cash flows from operating activities				
Payments				
Employee related		(8,170)	(8,303)	(7,630)
Other		(1,833)	(1,754)	(2,116)
Total payments		(10,003)	(10,057)	(9,746)
Receipts				
Recurrent grants from principal department		9,209	9,777	8,815
Capital grants from principal department (excluding equity appropriation)		180	250	645
Reimbursements from the Crown Entity		1,006	----	336
Sale of goods and services		(22)	97	232
Other		----	189	1,630
Total receipts		10,373	10,313	11,658
Net cash flows from operating activities	15	370	256	1,912
Cash flows from investing activities				
Purchases of plant and equipment		(110)	(30)	(1,860)
Purchases of intangible assets		(63)	(220)	(155)
Net cash flow from investing activities		(173)	(250)	(2,015)
Net increase/(decrease) in cash		197	6	(103)
Opening cash and cash equivalents		756	453	859
Closing cash and cash equivalents	6	953	459	756

The accompanying notes form part of these financial statements.

Parliamentary Counsel's Office

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

1 Summary of Significant Accounting Policies

(a) Reporting entity

The Parliamentary Counsel's Office (the Agency) 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 reporting entity is consolidated as part of the NSW Total State Sector Accounts.

These financial statements for the year ended 30 June 2019 have been authorised for issue by the Parliamentary Counsel on 19 September 2019.

(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, which include Australian Accounting Interpretations.
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*,
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

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 2019 of \$953,000 (2018: \$756k). As at 30 June 2019 the Agency had a net working capital deficit of \$55,000 (2018: \$275k). The Agency receives a grant from the Department of Premier and Cabinet that is sufficient to fund its ongoing operations.

Plant and equipment and financial assets at fair value through profit or loss and available for sale are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

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

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

(c) Statement of compliance

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

(d) 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.

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

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

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

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

1 Summary of Significant Accounting Policies

(f) Income recognition

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

(i) Recurrent and capital grants from principal department

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

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

(ii) Sale of goods

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

(iii) Rendering of services

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

(iv) Other revenue

The Agency received \$1.4m in 2017-18 as final payment for a total incentive of \$1.6m for agreeing to an early exit from the previous office premises. There is no such source of revenue in the current financial year.

(g) Property, plant and equipment

(i) 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.

(ii) Capitalisation thresholds

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

1 Summary of Significant Accounting Policies

(g) Assets (Cont'd)

(iii) Revaluation of property, plant and equipment

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

The agency has non- specialised plant and equipment assets with short useful lives. These are measured at depreciated historical cost, as a surrogate for fair value.

(iv) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material.

The entity assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the entity 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, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

(v) Depreciation of property, plant and equipment

Depreciation is provided for on a straight line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Agency.

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

Depreciation rates

Category of Assets	Depreciation Rates (2017-18)	Depreciation Rates (2018-19)
<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 lease	over the period of the lease
<i>Amortisation of intangible assets</i>		
The following amortisation rates have been adopted:		
Software	14% to 25%	14% to 25%

1 Summary of Significant Accounting Policies

(g) Assets (Cont'd)

(vi) Major inspection costs

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

(vii) Restoration costs

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

(viii) Maintenance

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

(ix) Leased assets

A distinction is made between finance leases that effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of the leased assets, and operating leases under which the lessor does not transfer substantially all the risks and rewards. No finance leases have been entered into.

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

(x) Intangible assets

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

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

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

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

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

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

(xi) Receivables

Subsequent measurement under AASB 9(from 1 July 2018)

The agency holds receivables with the objective to collect 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.

Subsequent measurement under AASB 139(for comparative period ended 30 June 2018)

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any impairment. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

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

1 Summary of Significant Accounting Policies

(h) Liabilities

(i) Payables

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

(ii) Employee benefits and other provisions

a. Salaries and wages, annual leave, sick leave and on-costs

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

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

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

b. Long service leave and superannuation

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

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 18-13) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

c. Consequential on-costs

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

1 Summary of Significant Accounting Policies

(h) Liabilities (Cont'd)

(iii) Other provisions

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

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

If the effect of the time value of money is material, provisions are discounted at 0.99% (2018: 2.36%), 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.

(i) Fair value hierarchy

A number of the entity'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 entity categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

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

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

(j) Equity and reserves

(i) Accumulated Funds

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

(k) Budgeted amounts

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. Major variances between the original budgeted amounts and the actual amounts disclosed in the financial statements are explained in Note 14.

(l) Comparative information

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

1 Summary of Significant Accounting Policies

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

(i) Effective for the first time in 2018-19

The accounting policies applied in 2018-19 are consistent with those of the previous financial year, except as a result of the following new or revised AAS that has been applied for the first time in 2018-19:

- AASB 9 *Financial Instruments*

The disclosure in Note 16 Financial Instruments has been modified in accordance with the AASB 9 and the guidelines as per TC (19-04). There is no change to the Agency's business model and the measuring category of financial instruments hence no material impact to the entity on adopting the new impairment model.

(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 19-04):

- AASB 15, AASB 2014-5, AASB 2015-8 and 2016-3 regarding *Revenue from Contracts with Customers*
- AASB 17 *Insurance Contracts*
- AASB 1058 *Income of Not-for-profit Entities*
- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*
- AASB 2017-1 *Amendments to Australian Accounting Standards – Transfer of Investment Property, Annual Improvements 2014-2016 Cycle and other amendments*
- AASB 2018-1 *Amendments to Australian Accounting Standards - Annual improvements 2015-2017 Cycle*
- AASB 16 *Leases*

The agency anticipates that adoption of these standards in the period of initial application will have no material impact on the financial statements, except for AASB 16 Leases, whose impact is outlined as below:

Based on the impact assessments the Agency has undertaken on currently available information, it estimates additional lease liabilities of \$7.6m and right of use assets of \$7.6m will be recognised as at 1 July 2019 for the lease in which the Agency is a lessee. Most operating lease expenses will be replaced by depreciation of the right of use asset and interest on the lease liability. The impact on the statement of comprehensive income is expected to be a loss of \$79k.

Parliamentary Counsel's Office

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

2 Expenses Excluding Losses

	2019	2018
	\$000	\$000
(a) Employee related expenses		
Salaries and wages (including annual leave)	6,468	6,572
Superannuation - defined benefit plans	71	71
Superannuation - defined contribution plans	330	285
Long Service Leave	268	349
Workers' Compensation Insurance	25	23
Payroll tax and fringe benefits tax	412	407
Agency contractors	34	----
	7,608	7,707

	2019	2018
	\$000	\$000
(b) Other operating expenses include the following:		
Auditor's remuneration - audit of financial statements	31	30
Corporate services	363	243
Fees for services rendered	97	134
Insurance	8	5
Consultants	22	----
Motor vehicle expenses	----	9
Operating lease rental expense - minimum lease payments	800	903
Telephone and communication costs	9	26
Stores and minor assets	9	8
Training (staff development)	104	25
Travel costs	30	17
Other occupancy costs	55	99
Information dissemination	32	43
Maintenance	127	134
Other Expenses	173	127
	1,860	1,803
<u>Total maintenance costs</u>		
Maintenance expense - contracted labour and other (non-employee related), as above	127	134
Total maintenance expenses	127	134

Parliamentary Counsel's Office

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

	2019	2018
	\$000	\$000
(c) Depreciation and amortisation expense		
Depreciation:		
Plant and equipment	88	71
Amortisation:		
Leasehold improvements	279	231
Intangible assets	60	82
	427	384

	2019	2018
	\$000	\$000
(d) Finance costs		
Unwinding of discount rate on make good provision	6	6
	6	6

3 Revenue

	2019	2018
	\$000	\$000
(a) Recurrent and capital grants from principal department		
Recurrent grants from principal department		
Recurrent grants from principal department (per Statement of comprehensive income)	9,209	8,815
	9,209	8,815
Capital grants from principal department		
Total capital drawdowns from principal department (per Statement of comprehensive income)	180	645
	180	645

	2019	2018
	\$000	\$000
(b) Sale of goods and services		
Government Gazette Notices	102	86
	102	86

	2019	2018
	\$000	\$000
(c) Other revenue		
Early Exit incentive received from previous landlord	----	1,400
	----	1,400

Parliamentary Counsel's Office

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

	2019 \$000	2018 \$000
(d) Acceptance by the Crown Entity of employee benefits and other liabilities		
Superannuation - defined benefit	67	65
Long service leave	304	325
Payroll tax on superannuation	4	3
	375	393

4 Other gains / (losses)

	2019 \$000	2018 \$000
Gain/(Loss) from movement in provision for restoration costs	(4)	9
	(4)	9

5 Gain / (loss) on disposal

	2019 \$000	2018 \$000
Gain/loss on disposal of assets		
Proceeds from Disposal	----	6
Written down value of asset disposed	----	(139)
Net gain/(loss) on disposal of assets	----	(133)
	----	(133)

6 Current Assets - Cash and cash equivalents

	2019 \$000	2018 \$000
Cash at bank and on hand	953	756
	953	756

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:

	2019 \$000	2018 \$000
Cash and cash equivalents (per statement of financial position)	953	756
Closing cash and cash equivalents (per statement of cash flows)	953	756

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

7 Current Assets - Receivables

	2019 \$000	2018 \$000
Sale of goods and services	143	8
Goods and Services Tax recoverable from ATO	19	22
Accrued income	----	9
Prepayments	38	----
	200	39

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

Parliamentary Counsel's Office

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

8 Non-Current Assets - Property, plant and equipment

	Plant and Equipment	Total
	\$000	\$000
At 1 July 2018 - fair value		
Gross carrying amount	2,241	2,241
Accumulated depreciation and impairment	(347)	(347)
Net carrying amount	1,894	1,894
At 30 June 2019 - fair value		
Gross carrying amount	2,347	2,347
Accumulated depreciation and impairment	(710)	(710)
Net carrying amount	1,637	1,637

Reconciliation

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

	Plant and Equipment	Total
	\$000	\$000
Year ended 30 June 2019		
Net carrying amount at start of year	1,894	1,894
Additions	110	110
Disposals	(4)	(4)
Depreciation on assets disposed off (added back)	4	4
Depreciation and amortisation expense	(367)	(367)
Net carrying amount at end of year	1,637	1,637

	Plant and Equipment	Total
	\$000	\$000
At 1 July 2017 - fair value		
Gross carrying amount	1,807	1,807
Accumulated depreciation and impairment	(1,337)	(1,337)
Net carrying amount	470	470
At 30 June 2018 - fair value		
Gross carrying amount	2,241	2,241
Accumulated depreciation and impairment	(347)	(347)
Net carrying amount	1,894	1,894

Reconciliation

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

	Plant and Equipment	Total
	\$000	\$000
Year ended 30 June 2018		
Net carrying amount at start of year	470	470
Additions	1,863	1,863
Disposals	(1,430)	(1,430)
Depreciation on assets disposed off (added back)	1,293	1,293
Depreciation and amortisation expense	(302)	(302)
Net carrying amount at end of year	1,894	1,894

Parliamentary Counsel's Office

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

9 Intangible assets

	Software \$000	Total \$000
At 1 July 2018		
Cost (gross carrying amount)	892	892
Accumulated amortisation and impairment	(597)	(597)
Net carrying amount	295	295
At 30 June 2019		
Cost (gross carrying amount)	955	955
Accumulated amortisation and impairment	(657)	(657)
Net carrying amount	298	298
Year ended 30 June 2019		
Net carrying amount at start of year	295	295
Additions	63	63
Amortisation (recognised in "Depreciation and amortisation")	(60)	(60)
Net carrying amount at end of year	298	298

	Software \$000	Total \$000
At 1 July 2017 - fair value		
Cost (gross carrying amount)	736	736
Accumulated amortisation and impairment	(515)	(515)
Net carrying amount	221	221
At 30 June 2018 - fair value		
Cost (gross carrying amount)	892	892
Accumulated amortisation and impairment	(597)	(597)
Net carrying amount	295	295
Year ended 30 June 2018		
Net carrying amount at start of year	221	221
Additions	156	156
Amortisation (recognised in "depreciation and amortisation")	(82)	(82)
Net carrying amount at end of year	295	295

10 Current Liabilities - Payables

	2019 \$000	2018 \$000
Accrued salaries, wages and on-costs	51	53
Creditors	222	119
	273	172

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

Parliamentary Counsel's Office

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

11 Current / Non-Current Liabilities - Provisions

	2019 \$000	2018 \$000
Current Provisions		
Annual Leave including on-costs	566	481
Long Service Leave on-costs	219	253
Payroll Tax	149	164
Current employee benefits and related on-cost provisions	934	898
Total current provisions	934	898
Non-current provisions		
Long service leave on-costs	19	22
Payroll Tax	11	12
Non-current employee benefits and related on-cost provisions	30	34
Restoration costs	281	271
Total non-current provisions	311	305
Employee Benefits and related on-costs	964	932
Restoration costs	281	271
Total provisions	1,245	1,203

	2019 \$000	2018 \$000
Aggregate employee benefits and related on-costs		
Provisions - current	934	898
Provisions - non-current	30	34
Accrued salaries, wages and on-costs (Note 10).	51	53
	1,015	985

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 7 employees with slightly more than 30 days annual leave as at 30 June 2019, it is estimated that \$16k of the accrued annual leave with associated on-costs would be settled after the next 12 months.

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:

	2019 \$000	2018 \$000
Provision for restoration Costs		
Carrying amount at the beginning of financial year	271	275
Write back provision on 60 Elizabeth Street	4	(10)
Additional provisions recognised for 60 Elizabeth Street	6	6
Carrying amount at the end of financial year	281	271

Parliamentary Counsel's Office

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

12 Commitments for Expenditure

	2019 \$000	2018 \$000
Operating lease commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	960	919
Later than one year and not later than five years	3,056	4,485
Later than five years	-----	-----
Total (including GST)	4,016	5,404

The operating lease commitments relate to leasing of the office space. The lease commenced on 2 June 2017 and finishes on 1 June 2023. The expenditure above includes input tax credits of \$365k (2018: \$491k) that are expected to be recoverable from the ATO.

13 Contingent Liabilities and Contingent Assets

Contingent liabilities

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

Contingent assets

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

14 Budget Review

Net Result:

The Net Result is a loss of \$39k against the budgeted loss of \$388k. This is due to an underspend in employee related expenses of approximately \$1.08m following the retirements of three longer-serving senior executive staff, an office-wide restructure and delays in filling several roles. In conjunction with the restructure, management invested in developing new talent through increased training programs and an entry-level recruitment program, which contributed to higher than budgeted other operating expenses (\$133k higher than the budget).

The restructuring workloads impacted several works in progress, requiring \$364k of employee related expenses and \$120k of other operating expenses to be carried forward to 2019–20, with Treasury approval. The total carry forward to 2019–20 (\$484k) and efficiency dividends for 2018–19 (\$84k) are reflected in the actual recurrent grant being less than the budgeted recurrent grant.

Assets and liabilities:

PCO's total current assets are \$1.15m against the budgeted total current assets of \$529k, which includes cash at bank of \$953k against a projected cash of \$459k. The higher than expected cash is due to long serving employees leaving PCO, which resulted in nearly \$1m of long service leave being paid out and subsequently reimbursed by the Crown Entity.

The total non-current assets are close to the budgeted assets (\$7k below budget). The total liabilities are close to the budgeted liabilities (\$8K over budget). The closing equity is higher than budget (\$609k) due to the higher than expected balance at bank.

Cash flows:

The net cash flow from operating activities is \$370k against the budgeted outflow of \$256k (\$114k higher than expected). The cash outflow on investing activities is less than the annual budget, reflecting the fact that \$70k in capital grant was carried forward to next financial year for similar reasons referred to above.

Parliamentary Counsel's Office

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

15 Reconciliation of Cash Flows From Operating Activities to Net Result

	2019	2018
	\$000	\$000
Net cash used on operating activities	370	1,912
Depreciation and amortisation	(427)	(384)
Finance Costs	(6)	(6)
Decrease/(increase) in provisions	(33)	-----
Increase/(decrease) in receivables	162	(232)
(Increase)/decrease in creditors	(101)	149
Other gain/(loss)	(4)	9
Gain /(loss) on disposal	-----	(133)
Net result	(39)	1,315

16 Financial Instruments

The Agency's principal financial instruments are outlined below. These financial instruments arise directly from the Agency's operations or are required to finance the Agency's operations. The Agency does not enter into 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

i. As at 30 June 2019 under AASB 9

Class	Notes	Category	Carrying Amount \$000
Financial Assets			
Cash and cash equivalents	6	Not applicable	953
Receivables ¹	7	Amortised cost	143

Class	Notes	Category	Carrying Amount \$000
Financial Liabilities			
Payables ²	10	Financial liabilities measured at amortised cost	232

ii As at 30 June 2018 under AASB 139 (comparative period)

Class	Notes	Category	Carrying Amount \$000
Financial Assets			
Cash and cash equivalents	6	Not applicable	756
Receivables ¹	7	Loans and receivables (at amortised cost)	17

Class	Notes	Category	Carrying Amount \$000
Financial Liabilities			
Payables ²	10	Financial liabilities measured at amortised cost	134

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)

Parliamentary Counsel's Office

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

(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 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 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 loss allowance for trade debtors as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows:

	30 June 2019					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 at default	25	117	1	----	----	143
Expected credit loss	0	0	0	0	0	0

	1 July 2018					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 at default	0	7	1	0	0	8
Expected credit loss	0	0	0	0	0	0

Notes: 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

The Agency is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Most of the Agency's debtors have a AAA credit rating.

Accounting policy for impairment of trade debtors and other financial assets under AASB 139 (comparative period only)

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 uncollectibles are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amount due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings.

For the comparative period 30 June 2018, the ageing analysis of trade debtors is comprised of total debtors of \$8k out of which \$1k are current and \$7k debtors are less than 3 months overdue. The amount of impaired debtors as at 30 June 2018 is nil.

Parliamentary Counsel's Office

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

16 Financial Instruments

(c) Liquidity risk

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Minister may automatically pay the supplier simple interest. There was no interest for late payments applied during the period (2018: 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
2019								
Payables:								
Accrued salaries, wages and on-costs		22	----	----	22	22	----	----
Creditors		210	----	----	210	210	----	----
Total		232	----	----	232	232	----	----
2018								
Payables:								
Accrued salaries, wages and on-costs		19	----	----	19	19	----	----
Creditors		115	----	----	115	115	----	----
Total		134	----	----	134	134	----	----

(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.

Parliamentary Counsel's Office

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

16 Financial Instruments

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
2019					
Financial assets:					
Cash and cash equivalents	953	(10)	(10)	10	10
Receivables	143	(1)	(1)	1	1
Financial liabilities:					
Payables	232	2	2	(2)	(2)
2018					
Financial assets:					
Cash and cash equivalents	756	(8)	(8)	8	8
Receivables	17	----	----	----	----
Financial liabilities:					
Payables	134	1	1	(1)	(1)

(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.

Parliamentary Counsel's Office

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

17 Related Party Disclosures

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

	2019 \$000	2018 \$000
Short-term employee benefits:		
Salaries	433	393
Other monetary allowances	-----	-----
Non-monetary benefits	39	5
Other long-term employee benefits	43	-----
Post-employment benefits	-----	-----
Termination benefits	-----	168
Total remuneration	515	566

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.

18 Events After the Reporting Period

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

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