



Parliament of New South Wales

Department of the Legislative Assembly Department of the Legislative Council Department of Parliamentary Services

Financial Performance 2014-2015





Parliament of New South Wales
Financial Performance

2014
2015

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The Parliament

Net result

The positive net result of \$9.514 million was lower than the budgeted positive net result of \$14.693 million by \$5.179 million. This arose from the following budget variations: higher employee related expenses (\$2.086 million); higher other operating expenses (\$2.01 million); lower depreciation expense (\$441,000); lower other expenses - Members' remuneration (\$2.326 million); lower revenue (\$3.334 million) and a higher loss on disposal of assets (\$516,000).

The employee related expenses were \$2.086 million higher than the budget of \$59.211 million. The primary reasons for the variation were:

- Members' staff separation payments of \$3.227 million not in the budget allocation; and
- offset by Crown assumed superannuation and long service leave liabilities lower than budget by \$894,000.

Other operating expenses were higher than the budget of \$34.387 million by \$2.01 million due to the following expenses exceeding budget:

- electronic communication allowance by \$957,000;
- postage by \$1.036 million; and
- contract staff by \$480,000.

Other expenses – Members' remuneration \$2.326 million lower than the budget of \$40.227 million was primarily due to expenses of the Parliamentary Budget Office being classified to employee related and other operating expense while its budget of \$2.25 million was budgeted under other expenses – Members' remuneration.

Depreciation and amortisation expenses were \$441,000 lower than the budget of \$7.957 million. This arose from changes to the timing of completion of capital projects.

Revenue was \$3.334 million lower than the budget of \$156.475 million due to:

- a \$3.541 million lower capital appropriation drawdown due to allocations for some capital projects carried forward to 2015-16;
- Crown acceptance of employee benefits and liabilities being \$894,000 lower than expected;
- offset by grants received \$478,000 higher than budget with the main items being \$309,000 for the Pacific Parliaments Twinning Project and \$115,000 for a capital grant from the Department of Premier and Cabinet to cover cost of building alterations for a Drivers Lounge; and
- sale of goods and services being \$494,000 higher than budget.

The loss on disposal of assets was \$516,000 higher than budget mainly due to the deselection of excess parts of the Library Collection as part of the refurbishment of the library and records repository.

Assets and liabilities

Total current assets of \$5.519 million were lower than the budget of \$5.958 million by \$439,000 due to lower than budgeted cash holdings of \$749,000 and higher receivables of \$294,000.

Total non-current assets of \$277.951 million were higher than the budget of \$217.711 million by \$60.24 million primarily due to the revaluation increment of land, buildings, artworks and antiques totalling \$63.342 million. Treasury-funded capital works programs were \$19.109 million for the year with \$3.541 million to be carried forward to 2015-16.

Total liabilities of \$13.037 million were higher than the budget of \$10.643 million by \$2.394 million due to higher payables of \$1.515 million and higher employee provisions of \$879,000.

Cash flows

Net cash flows from operating activities were \$3.781 million lower than the budget of \$22.65 million due to the reduction in the capital appropriation of \$3.541 million and higher payments of employee related expenses of \$2.646 million. Offsetting these variances were increases in sale of goods and services of \$1.237 million and grants and contributions of \$478,000.

Net cash flows from investing activities were \$3.472 million lower than the budget of \$22.65 million due to asset acquisitions being lower than the budget by \$3.462 million.

Outlook for the Parliament

The Parliament's budgeted net result for 2015-16 is a surplus of \$24.415 million. The favourable result arises because expected depreciation expenses are lower than capital appropriation of this amount for the financial year. The 2014-15 Recurrent Budget of \$129.536 million includes:

- \$3.074 million to meet salary, other operating expense cost increases and compensation for the loss of interest income as part of the Cash Management Reforms being implemented by NSW Treasury;
- \$1.528 million for additional Special Constables to improve security at the Parliament House precinct;
- \$787,000 to meet the additional cost of Members' staff separations following the Election;
- \$660,000 for additional Members' Entitlements following the Electoral Redistribution; and
- \$306,000 for staffing and operating costs for the additional Electorate Office at Newtown.

The Capital budget in 2015-16 of \$29.692 million includes:

1. \$14.452 million for new major capital works funding for:

- Core Network Infrastructure Replacement at a cost of \$1.364M;
- Disabled access toilets upgrade at Parliament House costing \$900,000;
- Historic Buildings Roof Replacement at a cost of \$2.175M;
- Historical building restoration of \$805,000;
- Level 7 Seminar Space Upgrade costing \$1.860M;
- Managed Print Services for Electorate Offices at a cost of \$1.03M;
- Members accommodation Post Election Changes costing \$250,000;
- Online processing of Members' Claims Entitlement (SAP) at a cost of \$1.025M;
- Tower Block Fitout costing of \$3.153M; and
- Upgrade of the Legislature's Security Systems at a cost of \$1.89M.

2. \$15.24 million funding for capital works in progress including:

- Electorate Office IT Infrastructure Replacement costing \$1.186M;
- Establishment of 6 new Electorate Offices at a cost of \$829,000;
- Fire & Smoke System Upgrade costing \$765,000;
- Legislative Assembly Air conditioning system at a cost \$934,000;
- Lotus Notes/Domino Replacement costing \$3.074M;
- Parliamentary records digitisation, preservation and access program at a cost of \$884,000;
- Replacement of Main Electrical Switchboards and Bus Ducts costing \$4.48M; and
- Minor Capital Works at a cost of \$3.088M.



INDEPENDENT AUDITOR'S REPORT

The Legislature

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of The Legislature, which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity, statement of cash flows, service group statements and summary of compliance with financial directives for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion the financial statements:

- give a true and fair view of the financial position of The Legislature as at 30 June 2015, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

The Clerks' and Executive Manager's Responsibility for the Financial Statements

The Clerk of the Legislative Assembly, the Clerk of the Parliaments and the Executive Manager, Parliamentary Services are responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as they determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

- about the future viability of The Legislature
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that may have been hyperlinked to/from the financial statements.

Independence

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

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



A T Whitfield PSM
Acting Auditor-General

18 September 2015
SYDNEY



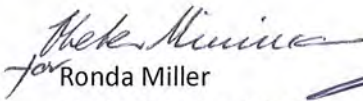
18 September 2015


The Legislature
Financial Statements for the Year ended
30 June 2015

Statement by Department Heads

We state that:

- a. the accompanying financial statements have been prepared in accordance with applicable Australian Accounting Standards (including Australian Accounting Interpretations), and the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer;
- b. the financial statements exhibit a true and fair view of the financial position as at 30 June 2015 and financial performance of The Legislature for the year then ended; and
- c. there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.


for Ronda Miller
Clerk of the Legislative
Assembly


David Blunt
Clerk of the Parliaments


Robert Stefanic
Executive Manager
Dept. of Parliamentary Services

Date: 18/9/15

Date: 18/9/15

Date: 18/9/15

Start of Audited Financial Statements

THE LEGISLATURE

Statement of comprehensive income for the year ended 30 June 2015

	Notes	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000
Expenses excluding losses				
Operating expenses				
Employee related	2(a)	61,297	59,211	56,109
Other operating expenses	2(b)	36,397	34,387	32,210
Depreciation and amortisation	2(c)	7,516	7,957	7,996
Other expenses (Members' remuneration)	2(d)	37,901	40,227	37,879
Total Expenses excluding losses		143,111	141,782	134,194
Revenue				
Recurrent appropriation	3(a)	123,233	123,233	115,108
Capital appropriation	3(a)	19,109	22,650	9,554
Sale of goods and services	3(b)	6,163	5,669	5,428
Investment revenue	3(c)	148	112	148
Grants and contributions	3(d)	509	31	1,164
Acceptance by the Crown Entity of employee benefits and other liabilities	3(e)	3,461	4,355	3,816
Other revenue	3(f)	518	425	1,603
Total Revenue		153,141	156,475	136,821
Gain / (loss) on disposal	4	(516)	-	(1,810)
Net Result		9,514	14,693	817
Other comprehensive income				
<i>Items that will not be reclassified to net result</i>				
Net increase / (decrease) in property, plant and equipment revaluation surplus		63,342	-	(5,508)
Total other comprehensive income		63,342	-	(5,508)
TOTAL COMPREHENSIVE INCOME		72,856	14,693	(4,691)

The accompanying notes form part of these financial statements.

THE LEGISLATURE

Statement of financial position as at 30 June 2015

	Notes	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	6	3,909	4,658	4,218
Receivables	7	1,524	1,230	1,623
Inventories	8	86	70	68
Total Current Assets		5,519	5,958	5,909
Non-Current Assets				
Property, plant and equipment	9			
- Land and buildings		210,956	146,019	138,700
- Plant and equipment		13,655	19,106	13,238
- Collection assets		49,338	48,743	48,904
Total property, plant and equipment		273,949	213,868	200,842
Intangible assets	10	4,002	3,843	2,498
Total Non-Current Assets		277,951	217,711	203,340
Total Assets		283,470	223,669	209,249
LIABILITIES				
Current Liabilities				
Payables	12	6,781	5,266	6,341
Provisions	13	6,134	5,320	5,268
Total Current Liabilities		12,915	10,586	11,609
Non-Current Liabilities				
Provisions	13	122	57	63
Total Non-Current Liabilities		122	57	63
Total Liabilities		13,037	10,643	11,672
Net Assets		270,433	213,026	197,577
EQUITY				
Reserves		102,732	40,565	39,809
Accumulated funds		167,701	172,461	157,768
Total Equity		270,433	213,026	197,577

The accompanying notes form part of these financial statements.

THE LEGISLATURE

Statement of changes in equity for the year ended 30 June 2015

	Accumulated Funds	Asset Revaluation Surplus	Total
	\$'000	\$'000	\$'000
Balance at 1 July 2014	157,768	39,809	197,577
Net result for the year	9,514	-	9,514
Other comprehensive income			
Net increase / (decrease) in property, plant and equipment	-	63,342	63,342
Transfers on disposal	419	(419)	-
Total other comprehensive income for the year	419	62,923	63,342
Total comprehensive income for the year	9,933	62,923	72,856
Balance at 30 June 2015	167,701	102,732	270,433
Balance at 1 July 2013	155,560	46,708	202,268
Net result for the year	817		817
Other comprehensive income			
Net increase / (decrease) in property, plant and equipment	-	(5,508)	(5,508)
Transfers on disposal	1,391	(1,391)	-
Total other comprehensive income for the year	1,391	(6,899)	(5,508)
Total comprehensive income for the year	2,208	(6,899)	(4,691)
Balance at 30 June 2014	157,768	39,809	197,577

THE LEGISLATURE

Statement of cash flows for the year ended 30 June 2015

	Notes	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(55,862)	(54,856)	(51,916)
Other		(79,895)	(78,855)	(73,271)
Total Payments		(135,757)	(133,711)	(125,187)
Receipts				
Recurrent appropriation		123,233	123,233	115,108
Capital appropriation		19,109	22,650	9,554
Sale of goods and services		6,906	5,669	5,812
Interest received		160	112	133
Grants and contributions		509	31	1,164
Other		4,709	4,666	3,416
Total Receipts		154,626	156,361	135,187
NET CASH FLOWS FROM OPERATING ACTIVITIES	17	18,869	22,650	10,000
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of land and buildings, plant and equipment		10	-	-
Purchases of land and buildings, plant and equipment		(19,188)	(22,650)	(9,554)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(19,178)	(22,650)	(9,554)
NET INCREASE / (DECREASE) IN CASH		(309)	-	446
Opening cash and cash equivalents		4,218	4,658	3,772
CLOSING CASH AND CASH EQUIVALENTS	6	3,909	4,658	4,218

The accompanying notes form part of these financial statements.

Service group statements for the year ended 30 June 2015

	Chamber and Committee Support *		Members' Support *		Community Access *		Not Attributable		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
THE LEGISLATURE'S EXPENSES & INCOME										
Expenses excluding losses										
Operating expenses	8,490	8,147	49,270	44,859	3,537	3,103	-	-	61,297	56,109
· Employee related	5,041	4,641	29,256	25,556	2,100	1,768	-	-	36,397	31,965
· Other operating expenses	1,041	1,161	6,041	6,393	434	442	-	-	7,516	7,996
Depreciation and amortisation	5,249	5,536	30,465	30,480	2,187	2,108	-	-	37,901	38,124
Other expenses (Members' remuneration)	19,821	19,485	115,032	107,288	8,258	7,421	-	-	143,111	134,194
Total expenses excluding losses										
Revenue **										
Recurrent appropriation	-	-	-	-	-	-	123,233	115,108	123,233	115,108
Capital appropriation	-	-	-	-	-	-	19,109	9,554	19,109	9,554
Sale of goods and services	404	421	3,427	3,360	2,332	1,647	-	-	6,163	5,428
Investment revenue	10	11	82	92	56	45	-	-	148	148
Grants and contributions	33	90	283	721	193	353	-	-	509	1,164
Acceptance by the Crown Entity of employee benefits and other liabilities	227	296	1,924	2,362	1,310	1,158	-	-	3,461	3,816
Other revenue	34	124	288	992	196	487	-	-	518	1,603
Total revenue	708	942	6,004	7,527	4,087	3,690	142,342	124,662	153,141	136,821
Gain / (loss) on disposal	(71)	(263)	(415)	(1,447)	(30)	(100)	-	-	(516)	(1,810)
Net Result	(19,184)	(18,806)	(109,443)	(101,208)	(4,201)	(3,831)	142,342	124,662	9,514	817
Other Comprehensive Income										
Increase / (decrease) in revaluation surplus	4,149	(800)	35,224	(4,403)	23,969	(305)	-	-	63,342	(5,508)
Total Other Comprehensive Income	4,149	(800)	35,224	(4,403)	23,969	(305)	-	-	63,342	(5,508)
TOTAL COMPREHENSIVE INCOME	(15,035)	(19,606)	(74,219)	(105,611)	19,768	(4,136)	142,342	124,662	72,856	(4,691)

* The names and purposes of each program are summarised in note 5.

**Appropriations are made on an entity basis and not to individual service groups. Consequently, appropriations must be included in the "Not Attributable" column.

Service group statements (continued)

	Chamber and Committee Support *		Members' Support *		Community Access *		Not Attributable		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
THE LEGISLATURE'S ASSETS & LIABILITIES										
Current Assets										
Cash and cash equivalents	541	612	3,142	3,373	226	233	-	-	3,909	4,218
Receivables	211	236	1,225	1,297	88	90	-	-	1,524	1,623
Inventories	12	10	69	54	5	4	-	-	86	68
Total current assets	764	858	4,436	4,724	319	327	-	-	5,519	5,909
Non-current Assets										
Property, plant and equipment	37,942	29,162	220,200	160,573	15,807	11,107	-	-	273,949	200,842
Intangible assets	554	363	3,217	1,997	231	138	-	-	4,002	2,498
Total non-current assets	38,496	29,525	223,417	162,570	16,038	11,245	-	-	277,951	203,340
TOTAL ASSETS	39,260	30,383	227,853	167,294	16,357	11,572	-	-	283,470	209,249
Current liabilities										
Payables	939	921	5,451	5,069	391	351	-	-	6,781	6,341
Provisions	850	765	4,930	4,212	354	291	-	-	6,134	5,268
Total current liabilities	1,789	1,686	10,381	9,281	745	642	-	-	12,915	11,609
Non-current liabilities										
Provisions	17	9	98	51	7	3	-	-	122	63
Total non-current liabilities	17	9	98	51	7	3	-	-	122	63
TOTAL LIABILITIES	1,806	1,695	10,479	9,332	752	645	-	-	13,037	11,672
NET ASSETS	37,454	28,688	217,374	157,962	15,605	10,927	-	-	270,433	197,577

* The names and purposes of each service group are summarised in Note 5.

Summary of compliance with financial directives

for the year ended 30 June 2015

	2015				2014			
	RECURRENT APP'N \$'000	EXPENDITURE / NET CLAIM ON CONSOLIDATED FUND \$'000	CAPITAL APP'N \$'000	EXPENDITURE / NET CLAIM ON CONSOLIDATED FUND \$'000	RECURRENT APP'N \$'000	EXPENDITURE / NET CLAIM ON CONSOLIDATED FUND \$'000	CAPITAL APP'N \$'000	EXPENDITURE / NET CLAIM ON CONSOLIDATED FUND \$'000
ORIGINAL BUDGET APPROPRIATION / EXPENDITURE								
· Appropriation Act	123,233	123,233	22,650	19,109	117,078	115,108	12,133	9,554
OTHER APPROPRIATIONS / EXPENDITURE								
· Transfers to / from another entity (per section 32 of the Appropriation Act)	-	-	-	-	-	-	-	-
Total Appropriations / Expenditure / Net Claim on Consolidated Fund (includes transfer payments)	123,233	123,233	22,650	19,109	117,078	115,108	12,133	9,554
Amount drawn down against Appropriation Liability to Consolidated Fund*								
		123,233		19,109		115,108		9,554
		-		-		-		-

The Summary of Compliance is based on the assumption that Consolidated Fund monies are spent first (except where otherwise identified or prescribed).

*The Liability to Consolidated Fund represents the difference between the "Amount drawn down against Appropriation" and the "Expenditure / Net Claim on Consolidated Fund".

THE LEGISLATURE

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

1. Summary of Significant Accounting Policies

(a) Reporting entity

The Legislature, as a reporting entity, comprises all the operating activities of the Parliament of New South Wales, including the Catering business, under the joint direction and control of the Clerk of the Parliaments, the Clerk of the Legislative Assembly and the Executive Manager Parliamentary Services. It includes all the functions of parliamentary representation undertaken by the Legislative Council and the Legislative Assembly, and the Department of Parliamentary Services. The Catering business provides food and beverage services for Members of Parliament, their guests and staff. It also caters for functions held at Parliament House.

The Legislature is a not-for-profit entity (as profit is not its principal objective) and 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 2015 have been authorised for issue by the Clerk of the Legislative Assembly, the Clerk of the Parliaments and the Executive Manager Parliamentary Services on 18 September 2015.

(b) Basis of preparation

The Legislature's financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

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

The Legislature is a 'going concern' public sector entity. Parliamentary appropriation has been provided in the NSW Budget Papers for 2015-16 for drawdown on an 'as need' basis from the Crown Entity to meet The Legislature's cash requirements.

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

Judgments, 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 Legislature'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 claim experience.

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

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

- the amount of GST incurred by The Legislature 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.
- receivables and payables are stated with the amount of GST included.

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

(f) Income recognition

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

(i) Parliamentary appropriations and contributions

Except as specified below, parliamentary appropriations and contributions from other bodies (including grants and donations) are recognised as income when The Legislature obtains control over the assets comprising the appropriations / contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

Unspent appropriations are recognised as liabilities rather than income, as the authority to spend the money lapses and the unspent money must be repaid to the Consolidated Fund.

(ii) Sales of goods

Revenue from the sale of goods is recognised as revenue when The Legislature 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) Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 Financial Instruments: Recognition and Measurement. Rental revenue from operating leases is recognised in accordance with AASB 117 Leases on a straight-line basis over the lease term.

(g) Assets

(i) Acquisitions of assets

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

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

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 the 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.

(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 and AASB 140 Investment Property.

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 9 and Note 11 for further information regarding fair value.

The Legislature revalues each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last revaluation for each class of asset is set out below and was based on an independent assessment.

Land	April 2015	LPI Valuation
Buildings	April 2015	D P Martin Pty Ltd
Collection Assets:		
Library Collection	April 2014	Peter Tinslay Valuer
Archives Collection	April 2014	Peter Tinslay Valuer
Antiques	April 2015	Christies Australia
Artworks	April 2015	Stella Downer Sue Hewitt

Non-specialised assets with short useful lives are measured at depreciated historical cost, as an approximation of fair value. The Legislature has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

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

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

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

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

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

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

(iv) Impairment of property, plant and equipment

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

(v) Depreciation of property, plant and equipment

Except for the archive, antique and artwork collections, 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 Legislature.

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

Land is not a depreciable asset. Certain heritage assets including original artworks and collections and heritage buildings may not have a limited useful life because appropriate curatorial and preservation policies are adopted. Such assets are not subject to depreciation. The decision not to recognise depreciation for these assets is reviewed annually.

The depreciation rates applied during 2014-15 are listed in the table below.

The Parliament House building	1.64-20 percent
Plant and machinery	5-50 percent
Office equipment	5-20 percent
Computer equipment	10-50 percent
Library – Dewey collection, serials, government publications and other books recently valued	2 percent

(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 component of an asset, in which case the costs are capitalised and depreciated.

(ix) Leased Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and rewards.

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

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

(x) Intangible assets

The Legislature recognises intangible assets only if it is probable that future economic benefits will flow to The Legislature 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 Legislature's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

The Legislature's intangible assets are amortised using the straight line method over a period of three years.

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

(xi) Loans and receivables

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

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

(xii) Inventories

Inventories held for distribution are stated at cost, adjusted when applicable, for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount. Inventories (other than those held for distribution) are stated at the lower of cost and net realisable value. Cost is calculated using the "first in first out" method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(xiii) Impairment of financial assets

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

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

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

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

(xiv) Derecognition of financial assets and financial liabilities

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

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

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

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

(h) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to The Legislature and other amounts as detailed in Note 12. 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 NSW 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 Legislature has assessed the actuarial advice based on its 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 Legislature's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Legislature 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 NSW Treasury Circular 15/09 *Accounting for Long Service Leave and Annual Leave*) 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.

(i) Other provisions

Other provisions exist when: The Legislature 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.

(j) Fair value hierarchy

A number of The Legislature's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, The Legislature 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 Legislature 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 Legislature recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer Note 11 and Note 18 for further disclosures regarding fair value measurements of financial and non-financial assets.

(k) Equity and reserves

(i) Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with The Legislature's policy on the revaluation of property, plant

and equipment as discussed in note 1(g)(iii).

(ii) Accumulated Funds

The category accumulated funds includes all current and prior period retained funds.

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

(l) 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 are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed on the primary financial statements are explained in Note 16.

(m) Comparative information

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

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

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

The accounting policies applied in 2014-15 are consistent with those of the previous financial year except as a result of the new Australian Accounting Standard – AASB 1055 *Budgetary Reporting* that have been applied for the first time in 2014-15. The impact of this Standard in the period of initial application is included in the primary financial statements and Note 1(l).

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. Treasury has approved the early adoption of AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*.

A number of new Accounting Standards have not been applied and are not yet effective, in accordance with NSWTC *Mandates of Options and Major Policy Decisions under Australian Accounting Standards 15/03*. The possible impact of these Standards in the period of initial application is unlikely to result in a material adjustment.

2. Expenses Excluding Losses**(a) Employee Related Expenses**

	2015	2014
	\$'000	\$'000
Salaries and wages (including annual leave)	50,758	46,745
Superannuation – defined benefit plans	687	714
Superannuation – defined contribution plans	4,019	3,736
Payroll tax and fringe benefits tax	3,125	2,833
Long service leave	2,348	1,802
Workers' compensation insurance	360	279
	61,297	56,109

Employee related expenses excluded from the above are: (i) capitalised as property, plant and equipment - \$367,000 at 30 June 2015 (\$356,000 in 2013-14); and (ii) capitalised as intangible assets - \$36,000 (nil in 2013-14).

(b) Other Operating Expenses including the following:

	2015	2014
	\$'000	\$'000
Auditors remuneration		
– audit of the financial statements	73	71
– audit of Members' additional entitlements under Parliamentary Remuneration Tribunal Determination	51	56
Cost of Sales - House Committee	1,260	1,187
Operating lease rental expense-minimum lease payments	5,475	5,292
Maintenance	1,729	1,402
Insurance	275	322
Contractors	6,010	4,732
Printing and stationery	7,705	6,763
Telecommunication costs	847	904
Travel expenses	2,060	2,099
Computer costs	3,062	2,911
Stores	218	186
Postage	1,801	854
Advertising	393	446
Energy charges	1,610	1,853
Cleaning and laundry	855	761
Contract and other fees	1,731	1,364
Other	1,242	1,007
	36,397	32,210

Reconciliation – Total maintenance

Maintenance expense – contracted labour and other (non-employee related), as above	1,729	1,402
Employee related maintenance expense included in Note 2 (a)	669	773
Total maintenance expenses included in Note 2(a) + 2(b)	2,398	2,175

(c) Depreciation and amortisation expense

	2015	2014
	\$'000	\$'000
Depreciation:		
– buildings	2,891	3,085
– plant and equipment	3,186	3,140
– collection assets	101	17
	<u>6,178</u>	<u>6,242</u>
Amortisation:		
– intangibles	1,338	1,754
	<u>1,338</u>	<u>1,754</u>
Total Depreciation and Amortisation Expense	<u>7,516</u>	<u>7,996</u>

(d) Other Expenses – Members' Remuneration

	2015	2014
	\$'000	\$'000
Salaries and allowances of Members of Parliament	33,471	33,038
Superannuation entitlements – Members	2,426	2,896
Payroll tax and fringe benefits tax – Members' entitlements	2,004	1,945
	<u>37,901</u>	<u>37,879</u>

Special projects cost of \$245,000 for 2013-14 was reclassified to travel expenses in Note 2(b).

3. Revenue

(a) Appropriations

	2015	2014
	\$'000	\$'000
Recurrent appropriations		
Total recurrent draw-downs from NSW Treasury (per Summary of Compliance)	123,233	115,108
Less: Liability to Consolidated Fund (per Summary of Compliance)	-	-
	<u>123,233</u>	<u>115,108</u>
Comprising:		
Recurrent appropriations (per Statement of Comprehensive Income)	<u>123,233</u>	<u>115,108</u>
Capital Appropriations		
Total capital draw-downs from NSW Treasury (per Summary of Compliance)	19,109	9,554
Less: Liability to Consolidated Fund (per Summary of Compliance)	-	-
	<u>19,109</u>	<u>9,554</u>
Comprising:		
Capital appropriations (per Statement of Comprehensive Income)	<u>19,109</u>	<u>9,554</u>

(b) Sale of Goods and Services

	2015	2014
	\$'000	\$'000
<u>Sale of Goods</u>		
Sales of food and beverages	3,622	3,072
Sale of publications	12	19
	<u>3,634</u>	<u>3,091</u>
<u>Rendering of Services</u>		
Energy recoup from Sydney Hospital and State Library	569	535
Rent on Parliament House ministerial offices	1,563	1,465
Parking fees	397	337
	<u>2,529</u>	<u>2,337</u>
	<u>6,163</u>	<u>5,428</u>

(c) Investment Revenue

	2015	2014
	\$'000	\$'000
Interest revenue on operating accounts	148	148
	<u>148</u>	<u>148</u>

(d) Grants and Contributions

	2015	2014
	\$'000	\$'000
Twinning Project - Pacific Public Sector Linkages Program	309	461
Art competition sponsorship	45	30
Centenary of ANZAC exhibition sponsorship	30	-
NSW Department of Premier and Cabinet capital grant	115	-
Commonwealth Women Parliamentarians sponsorship	10	-
Schools program sponsorship	-	45
NSW Treasury redundancy grant	-	628
	<u>509</u>	<u>1,164</u>

The NSW Parliament is twinned with the Parliaments of the Solomon Islands and the Autonomous Region of Bougainville, under the auspices of the Commonwealth Parliamentary Association. The NSW Parliament sought and received funding from AusAID to support the twinning arrangements. AusAid approved a new project that commenced in July 2013. The new project is funded to June 2016 (total project cost estimated at \$1.18 million, with \$869,651 from AusAid). The focus remains the strengthening of parliamentary democracy by building the capacity of the parliamentary administration.

(e) Acceptance by the Crown Entity of Employee Benefits and Other Liabilities

The following liabilities and /or expenses have been assumed by the Crown Entity:

	2015	2014
	\$'000	\$'000
Employees		
Superannuation – defined benefit	687	714
Long service leave	2,138	1,768
Payroll tax on superannuation	34	35
	<u>2,859</u>	<u>2,517</u>
Members		
Superannuation – defined benefit	571	1,232
Payroll tax on superannuation	31	67
	<u>602</u>	<u>1,299</u>
	<u>3,461</u>	<u>3,816</u>

(f) Other Revenue

	2015	2014
	\$'000	\$'000
Assets recognised for first time	123	1,266
Conference seminar fees	121	81
Workers' compensation hindsight adjustment	103	15
Televising Parliament expenditure recoupment	45	59
Telecommunication tower rental	49	39
Fringe benefit tax refund	-	72
Miscellaneous items	77	71
	<u>518</u>	<u>1,603</u>

4. Gain / (Loss) on Disposal

	2015	2014
	\$'000	\$'000
Proceeds from disposal	10	-
Written down value of assets disposed	(526)	(1,810)
Net gain/(loss) on disposal of plant and equipment	<u>(516)</u>	<u>(1,810)</u>

5. *Service Groups of The Legislature*

Service Group 1.1 Chamber and Committee Support

Service Description:

This service group covers procedural support (specialist advice, information and research services to Members); chamber support (operational support for the chambers to carry out their business); committee support (the provision of a secretariat for each committee, the provision of advice and information on its operation and on its enquiry and the provision of mechanisms to allow for public consultation) and Parliamentary reporting (Hansard services to the Houses and to committees).

Linkage to Results:

This service group contributes to the Parliament of New South Wales fulfilling its role as a representative and legislative body by working towards a range of intermediate results that include the effective functioning of the Parliament and its committees and supporting Members of Parliament to fulfil their Parliamentary roles.

Service Group 1.2 Members' Support

Service Description:

This service group covers Members' services (the provision of human resources services to Members and the administration of Members' entitlements), facilities management (maintenance of Members' offices, the Parliament House building and associated services such as security, catering, building services) financial services and information services. With regard to the Legislative Assembly Members, it includes management of electorate offices lease, fitout and maintenance of equipment and amenities.

Linkage to Results:

This service group contributes to the Parliament of New South Wales fulfilling its role as a representative and legislative body by working towards a range of intermediate results that include the effective functioning of the Parliament and its committees and supporting Members of Parliament to fulfil their Parliamentary roles.

Service Group 1.3 Community Access

Service Description:

This service group covers community education services such as school tours, visitor tours and open days and education in service sessions for teachers; exhibition services (historical displays, art exhibitions, expositions); public events and functions, particularly utilising the building's function rooms; web streaming of the proceedings in both Houses and Members' newsletters to constituents.

Linkage to Results:

This service group contributes to the Parliament of New South Wales fulfilling its role as a representative and legislative body by working towards the intermediate result of Community access and awareness of the role and functions of the Parliament.

6. Current Assets – Cash and Cash Equivalents

	2015	2014
	\$'000	\$'000
Cash at bank and on hand	3,909	4,218
	<u>3,909</u>	<u>4,218</u>

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

Cash and cash equivalents 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:

Cash and cash equivalents (per Statement of Financial Positions)	3,909	4,218
Cash and cash equivalents (per Statement of Cash Flow)	3,909	4,218

Refer to Note 18 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. Current Assets - Receivables

	2015	2014
	\$'000	\$'000
Sales of goods and services	449	449
Less: Allowance for impairment	-	(3)
	<u>449</u>	<u>446</u>
GST recoverable from ATO	745	680
Other debtors	47	74
Prepayments	216	344
Investment income	67	79
	<u>1,524</u>	<u>1,623</u>

Movement in the allowance for impairment

Balance at 1 July	3	12
Amounts written off during the year	-	-
Amounts recovered during the year	(3)	(12)
Increase in allowance recognised in profit or loss	-	3
Balance at 30 June	<u>-</u>	<u>3</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 18.

8. Current Assets - Inventories

	2015	2014
	\$'000	\$'000
Held for resale		
Food and beverage stock at cost	75	57
Souvenirs at cost	11	11
	<u>86</u>	<u>68</u>

9. Non-Current Assets – Property, Plant and Equipment

	Land and Buildings \$'000	Plant and Equipment \$'000	Collection Assets \$'000	Total \$'000
At 1 July 2014 – fair value				
Gross carrying amount	201,370	55,642	48,922	305,934
Accumulated depreciation and impairment	(62,670)	(42,404)	(18)	(105,092)
Net carrying amount	<u>138,700</u>	<u>13,238</u>	<u>48,904</u>	<u>200,842</u>
At 30 June 2015 – fair value				
Gross carrying amount	331,255	35,914	49,453	416,622
Accumulated depreciation and impairment	(120,299)	(22,259)	(115)	(142,673)
Net carrying amount	<u>210,956</u>	<u>13,655</u>	<u>49,338</u>	<u>273,949</u>

Reconciliation

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

	Land and Buildings \$'000	Plant and Equipment \$'000	Collection Assets \$'000	Total \$'000
Year ended 30 June 2015				
Net carrying amount at start of year	138,700	13,238	48,904	200,842
Additions	6,921	9,761	132	16,814
Disposals	-	(3)	(521)	(524)
Net revaluation increments less revaluation decrements	62,418	-	924	63,342
Reclassification to buildings	5,808	(5,808)	-	-
Reclassification to intangibles	-	(347)	-	(347)
Depreciation expense	(2,891)	(3,186)	(101)	(6,178)
Net carrying amount at end of year	<u>210,956</u>	<u>13,655</u>	<u>49,338</u>	<u>273,949</u>

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 11.

	Land and Buildings \$'000	Plant and Equipment \$'000	Collection Assets \$'000	Total \$'000
At 1 July 2013 – fair value				
Gross carrying amount	194,159	54,040	54,910	303,109
Accumulated depreciation and impairment	(59,586)	(39,385)	-	(98,971)
Net carrying amount	134,573	14,655	54,910	204,138
At 30 June 2014 – fair value				
Gross carrying amount	201,370	55,642	48,922	305,934
Accumulated depreciation and impairment	(62,670)	(42,404)	(18)	(105,092)
Net carrying amount	138,700	13,238	48,904	200,842

Reconciliation

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

	Land and Buildings \$'000	Plant and Equipment \$'000	Collection Assets \$'000	Total \$'000
Year ended 30 June 2014				
Net carrying amount at start of year	134,573	14,655	54,910	204,138
Additions	7,278	1,978	1,266	10,522
Disposals	-	(63)	(1,747)	(1,810)
Net revaluation increments less revaluation decrements	-	-	(5,508)	(5,508)
Reclassification to intangibles	(66)	(192)	-	(258)
Depreciation expense	(3,085)	(3,140)	(17)	(6,242)
Net carrying amount at end of year	138,700	13,238	48,904	200,842

10. Intangible Assets**Software licensing and upgrade**

At 1 July 2014	\$'000
Cost (gross carrying amount)	6,633
Accumulated amortisation and impairment	<u>(4,135)</u>
Net carrying amount	<u>2,498</u>

At 30 June 2015	
Cost (gross carrying amount)	8,771
Accumulated amortisation and impairment	<u>(4,769)</u>
Net carrying amount	<u>4,002</u>

Reconciliation**Year ended 30 June 2015**

Net carrying amount at start of year	2,498
Additions (acquired separately)	2,497
Reclassifications from property, plant and equipment	347
Disposal	(2)
Amortisation (recognised in depreciation and amortisation)	<u>(1,338)</u>
Net carrying amount at end of year	<u>4,002</u>

At 1 July 2013

Cost (gross carrying amount)	8,066
Accumulated amortisation and impairment	<u>(4,370)</u>
Net carrying amount	<u>3,696</u>

At 30 June 2014

Cost (gross carrying amount)	6,633
Accumulated amortisation and impairment	<u>(4,135)</u>
Net carrying amount	<u>2,498</u>

Reconciliation**Year ended 30 June 2014**

Net carrying amount at start of year	3,696
Additions (acquired separately)	298
Reclassifications from property, plant and equipment	258
Amortisation (recognised in depreciation and amortisation)	<u>(1,754)</u>
Net carrying amount at end of year	<u>2,498</u>

11. Fair Value Measurement of Non-Financial Assets

(a) Fair Value Hierarchy

2015

	Level 1	Level 2	Level 3	Total fair value
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment (Note 9)				
Land	-	-	52,200	52,200
Buildings	-	-	153,429	153,429
Collection assets	-	49,338	-	49,338
	-	49,338	205,629	254,967

2014

	Level 1	Level 2	Level 3	Total fair value
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment (Note 9)				
Land	-	-	49,400	49,400
Buildings	-	-	83,973	83,973
Plant and equipment	-	-	8,488	8,488
Collection assets	-	48,904	-	48,904
	-	48,904	141,861	190,765

There were no transfers between Level 1 or 2 during the period. The figures for buildings and plant and equipment in the above table do not reconcile to the total in the Statement of Financial Position and in Note 9 because only the building and plant and equipment assets subject to independent revaluation have been included.

(b) Valuation Techniques, Inputs and Processes

Land

The fair value of the land under the Parliament of NSW building complex has been independently determined using market evidence with consideration made for condition, location, comparability, heritage classification and floor space area.

Buildings

The fair value of the Parliament of NSW building complex has been independently determined based on replacement cost and measured at depreciated replacement cost.

Collection Assets

The fair values of the archives, library collections, artworks and antiques are independently determined by reference to the best available market evidence. This is based on the current market price of like or similar items.

The input for the valuation was obtained by research of records of Australian and international sales, purchases and other forms of acquisition, knowledge of prices paid by other institutions and valuation experiences at other major institutions.

Level 3 disclosures:

For the valuation of buildings, replacement cost was determined using the cost approach, which meant cost estimates for the building components were calculated by measuring quantities generally based on architectural drawings. The measured quantities were then priced using Rawlinson's Australian Construction handbook 2015. Each of the three buildings has costs split between two separate cost sections – building fabric and building services. The effective life of the building fabric is based on 80 years while for building services it is 30 years. A discount factor was then applied to derive the carrying amount by comparing the asset life expectancy to the remaining useful life.

The Legislature is not aware of any sensitivity to changes in unobservable inputs that may significantly impact on fair value of the above Level 3 assets.

(c) Reconciliation of recurring Level 3 fair value measurements

2015	Land	Buildings	Plant and Equipment	Total Recurring Level 3 Fair value
	\$'000	\$'000	\$'000	\$'000
Fair value as at 1 July 2014	49,400	83,973	8,488	141,861
Additions	-	6,921	-	6,921
Revaluation increments	2,800	59,618	-	62,418
Reclassifications	-	5,808	(8,488)	(2,680)
Depreciation	-	(2,891)	-	(2,891)
Fair value as at 30 June 2015	52,200	153,429	-	205,629
2014	Land	Buildings	Plant and Equipment	Total Recurring Level 3 Fair value
	\$'000	\$'000	\$'000	\$'000
Fair value as at 1 July 2013	49,400	83,925	8,503	141,828
Additions	-	3,133	1,057	4,190
Disposals	-	-	-	-
Depreciation	-	(3,085)	(1,072)	(4,157)
Fair value as at 30 June 2014	49,400	83,973	8,488	141,861

12. Current Liabilities - Payables

	2015	2014
	\$'000	\$'000
Accrued salaries, wages and on-costs	3,715	2,666
Trade creditors	1,164	1,655
Accrued operating expenses	1,800	1,978
Other payables	102	42
	6,781	6,341

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 18.

13. Current / Non- Current Liabilities – Provisions

	2015	2014
	\$'000	\$'000
Employee benefits and related on-costs – Current		
Annual leave	3,315	3,403
Leave loading	163	224
Separation payment for Members' staff	791	-
Payroll tax on-costs	719	667
Annual leave, superannuation and workers' compensation on-costs	1,146	974
	6,134	5,268
Employee benefits and related on-costs – Non - Current		
Payroll tax on-costs	46	25
Annual leave, superannuation and workers' compensation on-costs	76	38
	122	63
Subtotal Employee benefits and related on-costs	6,256	5,331
Aggregate employee benefits and related on-costs		
Provisions – Current	6,134	5,268
Provisions - Non-Current	122	63
Accrued salaries, wages and on-costs (note 12)	3,715	2,666
	9,971	7,997

Of employee benefits for annual leave \$3.175M (2014 \$3.143M) is expected to be settled within twelve months and \$0.303M (2014 \$0.484M) is expected to be settled after twelve months. All accrued wages and salaries are expected to be settled within twelve months.

14. Commitments for expenditure**(a) Operating Lease Commitments**

	2015	2014
	\$'000	\$'000
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	3,441	5,046
Later than one year but not later than five years	2,739	3,777
Later than five years	251	33
Total (including GST)	6,431	8,856

The Legislature is the lessee of 96 properties throughout NSW, all 96 being electorate offices. The leases are mostly standard commercial leases based on the Law Society template and are generally for four years with a four year option.

The above total includes GST input tax credits of \$583,000 (\$779,000 – 2014), which will be recoverable from Australian Taxation Office (ATO).

(b) Capital Commitments

Aggregate capital expenditure contracted for the completion of Lotus Notes/Domino replacement, tower block fit out, replacement of main electrical switchboards and bus ducts, and establishment of new electorate offices at balance date and not provided for:

	2015	2014
	\$'000	\$'000
Not later than one year	5,132	6,104
Total (including GST)	5,132	6,104

The above total includes GST input tax credits of \$466,564 (\$554,868 - 2014), which will be recoverable from the ATO.

15. Contingent Liabilities and Contingent Assets

The Legislature had no contingent assets or contingent liabilities at reporting date (2014: nil).

16. Budget Review**Net result**

The positive net result of \$9.514 million was lower than the budgeted positive net result of \$14.693 million by \$5.179 million. This arose from the following budget variations: higher employee related expenses (\$2.086 million); higher other operating expenses (\$2.01 million); lower depreciation expense (\$441,000); lower other expenses - Members' remuneration (\$2.326 million); lower revenue (\$3.334 million) and a higher loss on disposal of assets (\$516,000).

The employee related expenses were \$2.086 million higher than the budget of \$59.211 million. The primary reasons for the variation were:

- Members' staff separation payments of \$3.227 million not in the budget allocation; and
- offset by Crown assumed superannuation and long service leave liabilities lower than budget by \$894,000.

Other operating expenses were higher than the budget of \$34.387 million by \$2.01 million due to the following expenses exceeding budget:

- electronic communication allowance by \$957,000;
- postage by \$1.036 million; and
- contract staff by \$480,000.

Other expenses – Members' remuneration \$2.326 million lower than the budget of \$40.227 million was primarily due to expenses of the Parliamentary Budget Office being classified to employee related and other operating expense while its budget of \$2.25 million was budgeted under other expenses – Members' remuneration.

Depreciation and amortisation expenses were \$441,000 lower than the budget of \$7.957 million. This arose from changes to the timing of completion of capital projects.

Revenue was \$3.334 million lower than the budget of \$156.475 million due to:

- a \$3.541 million lower capital appropriation drawdown due to allocations for some capital projects carried forward to 2015-16;
- Crown acceptance of employee benefits and liabilities being \$894,000 lower than expected;
- offset by grants received \$478,000 higher than budget with the main items being \$309,000 for the Pacific Parliaments Twinning Project and \$115,000 for a capital grant from the Department of Premier and Cabinet to cover cost of building alterations for a Drivers Lounge; and
- sale of goods and services being \$494,000 higher than budget.

The loss on disposal of assets was \$516,000 higher than budget mainly due to the deselection of excess parts of the Library Collection as part of the refurbishment of the library and records repository.

Assets and liabilities

Total current assets of \$5.519 million were lower than the budget of \$5.958 million by \$439,000 due to lower than budgeted cash holdings of \$749,000 and higher receivables of \$294,000.

Total non-current assets of \$277.951 million were higher than the budget of \$217.711 million by \$60.24 million primarily due to the revaluation increment of land, buildings, artworks and antiques totalling \$63.342 million. Treasury-funded capital works programs were \$19.109 million for the year with \$3.541 million to be carried forward to 2015-16.

Total liabilities of \$13.037 million were higher than the budget of \$10.643 million by \$2.394 million due to higher payables of \$1.515 million and higher employee provisions of \$879,000.

Cash flows

Net cash flows from operating activities were \$3.781 million lower than the budget of \$22.65 million due to the reduction in the capital appropriation of \$3.541 million and higher payments of employee related expenses of \$2.646 million. Offsetting these variances were increases in sale of goods and services of \$1.237 million and grants and contributions of \$478,000.

Net cash flows from investing activities were \$3.472 million lower than the budget of \$22.65 million due to asset acquisitions being lower than the budget by \$3.462 million.

17. Reconciliation of cash flows from operating activities to net result

	2015	2014
	\$'000	\$'000
Net cash used in operating activities	18,869	10,000
Depreciation	(7,516)	(7,996)
(Increase) / decrease in provisions	(925)	(31)
(Decrease) in receivables, inventories and other assets	(81)	249
(Increase) / decrease in creditors and other liabilities	(440)	(861)
(Loss) on sale of non-current assets	(516)	(1,810)
Assets recognised for first time	123	1,266
Net result	9,514	817

18. Financial Instruments

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

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

The Clerks and the Executive Manager have overall responsibility for the establishment and oversight of risk management and review and agree policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by The Legislature, to set risk limits and controls and to monitor risks.

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
			2015	2014
			\$'000	\$'000
Class:				
Cash and cash equivalents	6	N/A	3,909	4,218
Receivables ¹	7	Loans and receivables (at amortised cost)	563	599
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
			2015	2014
			\$'000	\$'000
Class:				
Payables ²	12	Financial liabilities measured at amortised cost	5,424	5,260

Notes

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 *Financial Instruments: Disclosures*).

2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 *Financial Instruments: Disclosures*).

(b) **Credit risk**

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to The Legislature. 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 Legislature, including cash, receivables and authority deposits. No collateral is held by The Legislature. The Legislature has not granted any financial guarantees.

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

Cash

Cash comprises cash on hand and bank balances within the Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate adjusted for a management fee to NSW Treasury.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that The Legislature will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. Interest is earned on food and beverage sales after 60 days at 2% per month. No interest is charged on any other debtors. Food and beverage sales are made on 30-day terms. Other sales are made on either 14 or 30-day terms.

The Legislature is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2015: \$317,749; 2014: \$243,272) and less than 6 months past due (2015: \$76,060; 2014: \$107,378) are not considered impaired. Together these represent 88% of the total trade debtors.

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

	\$'000	\$'000	\$'000
	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
2015			
< 3 months overdue	76	76	-
3 months – 6 months overdue	-	-	-
> 6 months overdue	55	55	-
2014			
< 3 months overdue	61	61	-
3 months – 6 months overdue	47	47	-
> 6 months overdue	98	95	3

Notes

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

2. The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 (*Financial Instruments: Disclosures*) and excludes receivables that are not past due and not impaired. Therefore, the “total” will not reconcile to the receivables total recognised in the statement of financial position.

(c) **Liquidity risk**

Liquidity risk is the risk that The Legislature will be unable to meet its payment obligations when they fall due. The Legislature continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

The Legislature has the following banking facilities as at 30 June 2015:

- Cheque cashing authority of \$20,000, which is the total encashment facility provided to enable recoupment of advance account activities.
- Tape negotiation authority of \$3,000,000. This facility authorised the bank to debit The Legislature’s operating bank account up to the above limit when processing the electronic payroll and vendor files.
- MasterCard facility of \$550,000.

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

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), with the exception of Members’ claims which are subject to requirements in the Parliamentary Remuneration Tribunal Determination, are settled in accordance with the policy set out in NSW Treasury Circular *Payment of Accounts* 11/12. For small business suppliers, whose terms are not specified, payment is made not later than 30 days from the 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.

The table below summarises the maturity profile of The Legislature’ financial liabilities, together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

\$'000			\$'000			\$'000		
			Interest Rate Exposure			Maturity Dates		
	Weighted Average Effective Int. Rate	Nominal Amount ¹	Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
2015								
Payables	-	5,424	-	-	5,424	5,424	-	-
Total Financial Liabilities	-	5,424	-	-	5,424	5,424	-	-
2014								
Payables	-	5,260	-	-	5,260	5,260	-	-
Total Financial Liabilities	-	5,260	-	-	5,260	5,260	-	-

Notes

1. The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which The Legislature can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the statement of financial position.

(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 Legislature's exposures to market risk are primarily through interest rate risk on The Legislature's borrowings and other price risks associated with the movement in the unit price of the Hour Glass Investment Facilities. The Legislature 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. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which The Legislature 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 is performed on the same basis as for 2014. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through The Legislature's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp. The Legislature 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 (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Legislature's exposure to interest rate risk is set out below.

	\$'000	\$'000		\$'000	
	Carrying	-1%		+1%	
	Amount	Profit	Equity	Profit	Equity
2015					
<i>Financial assets</i>					
Cash and cash equivalents	3,909	(39)	(39)	39	39
Receivables	563	-	-	-	-
<i>Financial liabilities</i>					
Payables	5,424	-	-	-	-
2014					
<i>Financial assets</i>					
Cash and cash equivalents	4,218	(42)	(42)	42	42
Receivables	599	-	-	-	-
<i>Financial liabilities</i>					
Payables	5,260	-	-	-	-

(e) **Fair value measurement**

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short term nature of many of the financial instruments.

19. Events After Reporting Period

No events have occurred subsequent to balance date which would have a material financial effect on the financial statements.

End of audited financial statements





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