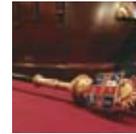
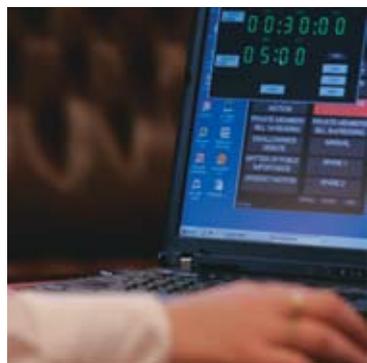


DEPARTMENT OF THE LEGISLATIVE COUNCIL
annual report
volume one



2005



Letter of transmittal

The Hon Dr Meredith Burgmann MLC
President of the Legislative Council
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Madam President

I am pleased to submit for your information and presentation to the House the annual report of the Department of the Legislative Council for the year ended 30 June 2005.

While there is no statutory requirement for the Department of the Legislative Council to table an annual report, I welcome the opportunity to provide information on the performance of the Department. This report complies with the spirit of the Acts which apply to government departments, namely the *Annual Reports (Departments) Act 1985* and the *Public Finance and Audit Act 1983*.

In addition to the information provided on the performance of the Department of the Legislative Council, this report includes a particular emphasis on the staff of the Department, in the context of the restructure of the Department completed during 2004/05.

Volume 2 of this report is a report on the performance of the Legislative Council's committees.

Yours sincerely


John Evans
Clerk of the Parliaments



Feedback

This report has been prepared to meet the information needs of our clients and stakeholders, including Members of Parliament, the people of New South Wales, government agencies and our staff.

To help us improve our annual report, we welcome your feedback. Please send your comments and suggestions to our website at www.parliament.nsw.gov.au/LC/annualreport/feedback

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Legislative Council

Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000
www.parliament.nsw.gov.au
Ph (02) 9230 2111
Fax (02) 9230 2876

The Legislative Council chamber and public areas at Parliament House are open for inspection by members of the public from 9.30am to 4.00pm, Monday to Friday, except for public holidays. Tours for school and community groups can be booked by telephoning (02) 9230 3444.

The Legislative Council normally meets at 2.30pm on Tuesdays and 11.00am on Wednesdays and Thursdays during sitting periods. Visitors may attend and view proceedings from the public gallery. Legislative Council Question Time takes place at 4.00pm on Tuesdays and 12.00 noon on Wednesdays and Thursdays. Details of sitting periods are available at www.parliament.nsw.gov.au

Who we are and what we do

Department of the Legislative Council

The Department of the Legislative Council provides a range of support services to enable members to effectively perform their parliamentary and constituent duties. The Department provides support across three functional areas:

- Procedure
- Committees
- Corporate Support

The work of the Department is principally of a research and advisory nature. The Department is small, by public sector standards, with 47 full time equivalent (FTE) staff. There are also 50 FTE staff working as Secretary/Research Assistants to members. The Department of the Legislative Council is independent of the New South Wales public service, although most public sector policies and practices are adapted or followed by the Department.

The Department is accountable to the President of the Legislative Council, who is elected by the members of the House at its first sitting after each election. The Hon Dr Meredith Burgmann MLC has been President since April 1999.

The chief executive officer of the Department is the Clerk of the Parliaments. The Clerk provides expert advice and counsel on parliamentary law, practice and procedure to the President, ministers and other members of the house. The Clerk also manages the Department and, together with the Clerk of the Legislative Assembly, jointly manages all of the joint services of the Parliament. Mr John Evans PSM has been Clerk of the Parliaments and Clerk of the Legislative Council since August 1989.

Our clients and stakeholders include the President of the Legislative Council; all members of the Legislative Council including the current six ministers in the Upper House; members' staff; the parliamentary joint service departments; the Legislative Assembly; Government agencies such as Parliamentary Counsel's Office, Cabinet Office and Premier's Department; other Parliaments particularly from the Asia Pacific region and Commonwealth countries; schools and community groups; and the people of New South Wales.



The Legislative Council

The Parliament of New South Wales is a bi-cameral (two house) Parliament. The Legislative Council is the upper house, or state senate.

The Legislative Council consists of 42 members, elected by the people of New South Wales under a system of proportional representation. One half of the members are elected every four years, in conjunction with elections for the Legislative Assembly (lower house). All members have a statewide electorate and are engaged in activities representing the interests of constituents across the state. The House includes a diverse membership. No government has had majority control of the Legislative Council since the 1988 election. The current make up of the House is:

- 18 Government (Australian Labor Party) members
- 13 Opposition (Liberal Party and The Nationals) members
- 11 cross-bench (independent or minor party members).

The next election will be held in March 2007.

The House sits for approximately 16-20 weeks per year, during which proposed legislation is subject to detailed debate and scrutiny and the Executive Government is called to account for its performance through questions to ministers, orders for the production of documents and a range of other procedures. The Legislative Council also has an active committee system, and committee meetings take place on approximately 100 days per year.

The Legislative Council during question time



Highlights and important events

The 2004/05 financial year saw the implementation of the first major staff restructure of the Department of the Legislative Council in more than 20 years.

Other highlights for 2004/05 include:

- a complete revision of procedural publications following the adoption of new standing rules and orders in May 2004
- publication of a manual on procedure in Committee of the Whole House
- development and adoption of new 'experimental' sitting times and routine of business on a trial basis
- development and delivery of innovative training material in relation to parliamentary privilege and related topics for members, staff and other stakeholders
- restructure of Attendant Services into Chamber and Support Services to enhance services to members and visitors
- procedural, research and report writing support for parliamentary committee inquiries dealing with a range of public policy issues, including a number of controversial inquiries
- introduction of the TRIM records management system in committee secretariats
- a high level of corporate support for parliamentary joint services including advice on human resources, personnel issues and industrial relations
- development of the Members' Entitlements System (MES) allowing the system to interface with the Parliament's accounting system
- delivery of joint projects across the Department for staff training and professional development

The year at a glance

Department staff	47 FTE
Secretary/Research Assistants to members	50 FTE
Sitting hours	446.39
Bills passed	112
Amendments to bills (circulated)	737
Amendments to bills (agreed to)	190
Order for papers	30
Committee inquiries	39
Committee reports tabled	21
Submissions to Committees	3,094
Committee inquiry participants	4,038





John Evans

Clerk's review

Issues of parliamentary privilege

2004/05 saw the Legislative Council again at the cutting edge of the development of parliamentary privilege in Australia.

This is not surprising as it is now 17 years since a government has had majority control of the House. In addition to its role in the making of laws, including the detailed scrutiny of legislation (190 amendments were made to 26 out of a total of 112 bills passed during the last year), the House has continued to develop the role described by the High Court in the *Egan* case as "superintendence of the executive".

This has been evident in the increased use by the House of the power to require the production of state papers (with 30 orders for papers made during the year), although there are signs that some documents are not being provided as they are being classified by the executive as cabinet documents.

However, it has been through the work of its committees that the House has engaged most robustly with the executive during the last year. This was particularly the case in the inquiry conducted by General Purpose Standing Committee No 4 into *The Designer Outlets Centre, Liverpool* (the Orange Grove Inquiry).

This was a difficult inquiry for all those associated with it and some elements of the inquiry were controversial.

Of particular note, are two important issues of parliamentary privilege. During the course of the inquiry the committee invited a number of ministerial staff to give evidence. Although there are no restrictions on the power of a committee of the Legislative Council to invite ministerial staff as witnesses, there has been a convention between the major parties that ministerial staff are not called as witnesses. The Premier agreed to make his Chief of Staff available to appear before the committee on a voluntary basis. The committee also invited the Chief of Staff to another minister to appear, although that officer declined the invitation, on the basis that his Minister had not authorised it. Despite this, the majority of the committee decided that they wished to hear from the officer and resolved to invite him again.

The officer again declined to appear and the committee took the unusual step of issuing a summons under the *Parliamentary Evidence Act 1901* to be served on the officer. This is the first time a ministerial staff member has been served a summons to appear before a parliamentary committee.

The inquiry was also notable for further developments in an ongoing debate regarding the powers of a parliamentary committee to order the production of documents. Twice during the inquiry the committee resolved under standing order 208 (c) to order the production of documents from relevant government departments. In each instance the relevant Department initially declined to produce the documents concerned and referred to legal advice from the Crown Solicitor which questioned the powers of the committee, or the capacity of the House to delegate to a committee its power to order the production of documents. In the first instance, the documents were subsequently 'voluntarily' produced at a hearing. In the second instance, the House resolved "notwithstanding the [inquiry being conducted by the committee] and the power of the committee to order the production of the documents..." to itself order the production of the documents. The documents were subsequently provided in accordance with the order of the House.

In advising the committee and members generally in relation to these and other privilege issues during the year I was, as always, capably assisted by the Deputy Clerk, Lynn Lovelock, other senior officers and the Procedure team. I am confident there is no other House Department in Australia (and probably throughout the Commonwealth), with the possible exception of the Department of the Senate, with the level of expertise that my staff have had to develop in relation to parliamentary privilege in recent years.

Sitting arrangements

Another challenge arising during 2004/05 as a result of the lack of government control of the House was the allocation of sitting time between Government and non-government business.

This issue, together with the interest of some members in the seemingly perennial issue of the development of 'family friendly' sitting hours, led to the trial in May and June 2005 of new sitting arrangements. During the trial the House met earlier each day, including

starting at 10 am on Wednesdays and Thursdays, with a period of private members business immediately after formalities on each sitting day. The rationale behind this arrangement was that this would provide non-government members with an opportunity to bring on debate on issues of particular concern without the need to effectively suspend the flow of government business.

At the time of reporting, the effect of these experimental sitting arrangements are still under review. It is likely these arrangements will be further refined and the subject of further trials during the next reporting period.

The earlier starts to each sitting day certainly placed increased pressure on the Council staff, especially in ensuring that all the necessary preparations for a sitting day were in place. This included the drafting of notices of motions and procedural scripts right up to the sitting time. If those arrangements are to continue, it is hoped that the opportunity would be taken to reduce the number of evening sitting hours.

Comings and goings

There were a number of notable resignations and retirements during 2004/05, involving both members and staff.

The Hon Michael Egan tendered his resignation on 8 February 2005, after 18 years as a member of the Legislative Council. First elected on 24 September 1986, Mr Egan served as the Leader of the Government in the Legislative Council and the Treasurer from 3 April 1995 to the date of his resignation. Despite Mr Egan's continued support for the case for the abolition of the Legislative Council, it was Mr Egan's recognition of the increasing workload of the Department of the Legislative Council that facilitated the restructure of the Department during 2004/05, which has enhanced the capacity of the Department to provide the services required by members.

On the 23 February 2005 the Hon Greg Donnelly was elected to the Legislative Council, filling the vacancy created by the resignation of the Hon Michael Egan.

Two members resigned in order to stand for election to the Australian Federal Parliament in October 2004. The Reverend the Hon Fred Nile tendered his resignation in order to contest a seat in the Senate.

After narrowly failing to gain election to the Senate, Revd Nile was nominated and elected at a joint sitting on 21 October 2004 to fill the seat in the Legislative Council caused by his resignation.

The Hon Tony Burke also resigned prior to the Federal election and was successful in gaining the seat of Watson in the House of Representatives.

Of course, another departure of note during 2004/05 was that of Michael Wilkinson, who retired from the position of Clerk Assistant on 17 June 2005, after 14 years of dedicated service. Mike joined the Department of the Legislative Council in 1991 as Clerk Assistant – Committees after 18 years in the Commonwealth Public Service. During the adjournment debate on 10 June 2005, a number of members spoke effusively about Mike's service and friendship. The Hansard record of the comments made by members can be accessed at www.parliament.nsw.gov.au/hansard. On behalf of all staff of the Department, I would like to wish Michael well in his retirement.

George Moutsos, who worked for the Parliament for 17 years, retired in December 2004. George commenced work in Food and Beverage Services in 1987 as a dining room attendant and as a waiter in the President's Dining Room. In 1990, George transferred to the staff of the Legislative Council, where for 14 years he performed the role of Attendant providing an invaluable professional service as part of the Chamber Services team. On 9 December 2004, members spoke of George's excellent contribution to the Parliament which can be accessed on the Parliament's website. I would also like to extend best wishes to George on his retirement on behalf of the staff of the Department.

In September 2004 Mr David Blunt was appointed to the new position of Director of Procedure. In addition, David was appointed to the role of Usher of the Black Rod. David was appointed Clerk-Assistant Corporate Support on 20 June 2005 following the retirement of Mike Wilkinson. With David's promotion, Steven Reynolds was appointed to Director of Procedure and Usher of the Black Rod.

I would like to take this opportunity to commend the staff on their professionalism and commitment to the Department during the last year.

Restructure of the Department

The restructure of the Department of the Legislative Council was completed in May 2005. The objective of the restructure was to enhance the services provided to members and staff, by ensuring that resources are aligned to areas of emerging demand. The Department now consists of three functional areas:

- Procedure
- Committees
- Corporate Support

The restructure also provides a consistent staffing structure across each of these functional areas, with clearer career paths for staff from entry level to senior positions in each area.

The restructure process commenced in May 2002 with the provision by the Treasurer of \$500,000 for the employment of additional temporary staff, to address growing levels of demand arising from the administration of the new system of members' entitlements and the growth in committee work, pending a review of The Legislature's base funding. As part of this review, a detailed business case was submitted to Treasury, outlining the case for a proposed restructure of the Department of the Legislative Council and seeking an additional \$950,000 in recurrent funding. In June 2003 the Treasurer indicated that an additional \$500,000 would be provided in 2003/04 and in forward years to "meet the Legislative Council's proposed staffing and operational expenditures resulting from the review of its base funding requirements."

From the start of the implementation of the restructure, there was an emphasis upon consultation with staff and transparency of processes. Senior management set an objective of achieving best practice in the implementation of a restructure of a public sector organisation. Officers from the Public Employment Office, whose advice was sought at various stages, commented that it was refreshing to see the importance placed on equity and fairness in the processes adopted for the filling of positions.

During the first half of 2004 there was extensive consultation with staff about the content of new position descriptions. Hay Group was engaged to assist with job analysis and facilitation of job evaluation. Mr John Viljeon, of Iedex Pty Ltd was engaged to conduct workshops to assist staff

identify areas in which processes could be re-engineered and efficiencies achieved.

The extensive process of consultation meant that the implementation of the restructure took longer than was originally hoped. However, a number of significant issues arose from these consultations, as a result of which senior management modified the proposed new structure, particularly in relation to the key accountabilities and reporting structures. The consultation process involved senior management listening to the views of staff and consequently led to an improved outcome.

Positions in the new structure were filled during 2004/05 in accordance with public sector and NSW Parliament policy. Depending on the number of positions at particular levels, this included 'targeted merit selection' and 'competitive merit selection'. In accordance with a clear and unequivocal commitment made to staff at the start of the restructure process, no member of staff was made redundant through this process. However, most positions changed in some way, and some were changed substantially. The majority of staff were required to apply for new positions, in some cases competing against colleagues for positions, with a small number redeployed to positions at a lower grade. Like any restructure, this process involved staff adjusting to considerable change – the patience and engagement of staff throughout this process is a testament to their commitment to the organisation.

The final stage in the restructure process occurred in early 2005 with the external recruitment of a number of new entry-level staff. One hundred and thirty nine applications were received for 4 of these positions and the calibre of new recruits throughout 2004/05 has significantly enhanced the capacity of the Department to meet increasing service demands into the future.

Staff *(as at 30 June 2005)*

Position	Name	Position	Name
Office of the Clerk		Corporate support	
Clerk of the Parliaments and Clerk of the Legislative Council	John Evans	Clerk Assistant – Corporate Support	David Blunt
Deputy Clerk	Lynn Lovelock	Director – Corporate Support	Robert Stefanic
Council Officer – Office of the Clerk	Jovy Cano	Principal Council Officers	Stuart Lowe Craig Wheeler Sandra Vella
Procedure		Senior Council Officers	Sian Ellis Cathy Nunn
Director – Procedure & Usher of the Black Rod	Steven Reynolds	Council Officers	Judy Bartlett Jovy Cano Ashley Toms
Principal Council Officer – Procedural Research	Velia Mignacca	Council Officer Assistants	Jacki Mead Paul Brock
Principal Council Officer – Manager, Procedure & Deputy Usher of the Black Rod	Susan Want	Council Assistants	Rhia Bolonia Carly Bairstow
Senior Council Officer – Procedure	Malvyne Jong Wah	Committees	
Council Officers – Procedure	Kate Cadell Janet Williams	Clerk Assistant – Committees	Warren Cahill
Council Officer Assistants – Procedure	Jenelle Moore Dora Oravec	Directors – Committees	Tanya Bosch Rachel Callinan Julie Langsworth Rachel Simpson
Chamber and Support Services		Principal Council Officers – Committees	Beverly Duffy Graeme Elliott Madeleine Foley Stephen Frappell Michelle Batterham Merrin Thompson <i>(on exchange)</i> John Young
Manager – Chamber and Support	Ian Pringle	Senior Council Officers – Committees	Rebecca Maine Victoria Pymm
Deputy Manager – Chamber and Support	Maurice Rebecchi	Council Officers – Committees	Glenda Baker Annie Marshall
Council Assistants – Chamber and Support	Erin Brady John Ferguson Shani Reynolds Cathryn Cummins	Council Officer Assistants – Committees	Natasha O'Connor Heather Crichton
Attendants – Chamber and Support	Mike Jarrett Charles Barden Lucy Smith	Council Assistants – Committees	Sarah Hurcombe Laura Milkins



*John Evans,
Clerk of the
Parliaments*

*Lynn Lovelock,
Deputy Clerk*



*Warren Cahill,
Clerk Assistant –
Committees*

*David Blunt,
Clerk Assistant –
Corporate Support*



*Steven Reynolds,
Director – Procedure
& Usher of Black Rod*

*Robert Stefanic,
Director – Corporate
Support*



*Tanya Bosch,
Director – Committees*

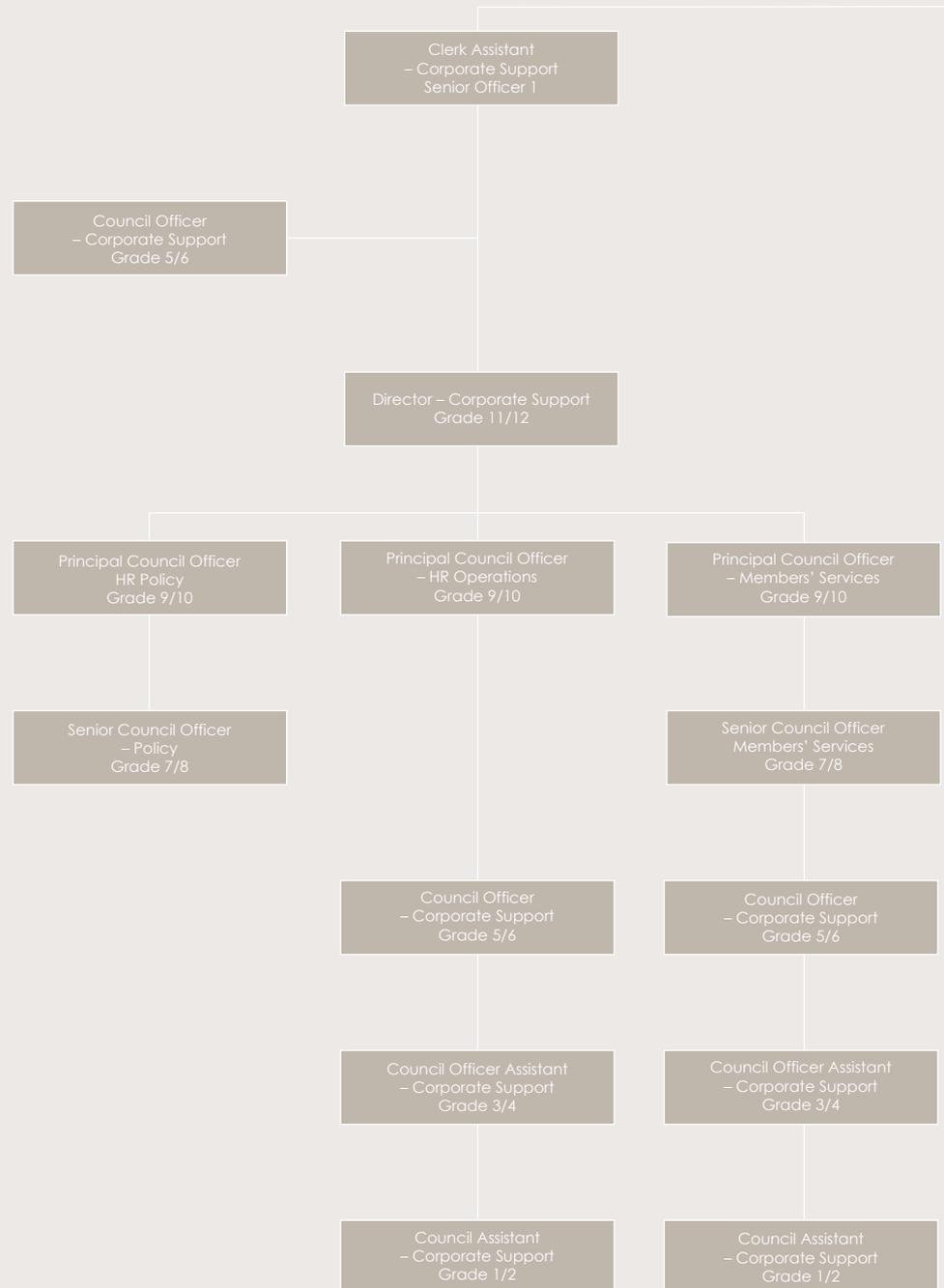
*Julie Langsworth,
Director – Committees*



*Rachel Callinan,
Director – Committees*

*Rachel Simpson,
Director – Committees*

Organisational chart



Clerk of the Parliaments &
Clerk of the Legislative Council

Deputy Clerk

Clerk Assistant
– Committees
Senior Officer 1

Director
Procedure & Usher of
the Black Rod

Director – Committees
Grade 11/12 (x4)

Principal Council Officer
– Procedural Research
Grade 9/10

Principal Council Officer
– Manager Procedure Office
& Deputy UBR
Grade 9/10

Principal Council Officer
– Committees
Grade 9/10 (x6)

Senior Council Officer
– Procedure
Grade 7/8

Senior Council Officer
– Committees
Grade 7/8 (x2)

Council Officer
Manager
– Chamber & Support Services
Grade 5/6

Council Officer
– Procedure
Grade 5/6

Council Officer
– Procedure
Grade 5/6

Council Officer
– Committees
Grade 5/6 (x2)

Council Officer Assistant
Deputy Manager
– Chamber & Support Services
Grade 3/4

Council Officer Assistant
– Procedure
Grade 3/4

Council Officer Assistant
– Committees
Grade 3/4 (x2)

Council Assistant
– Chamber & Support Services
Grade 1/2 (x7)

Council Assistant
– Procedure
Grade 1/2

Council Assistant
– Committees
Grade 1/2 (x2)

Report against corporate goals

Corporate goal	Targets for 2004/05
Provide the procedural support, advice and research necessary for the effective functioning of both Houses and their committees	<p>Progress drafting of <i>Upper House Practice in NSW</i></p> <p>Complete revision and update of procedural publications following adoption of new standing rules and orders</p> <p>Develop and implement further procedural seminars for members and staff</p> <p>Further enhance procedural precedents system</p>
Provide effective services to members and other client groups	<p>Update Legislative Council Members' Guide</p> <p>Implement upgrade of Members Entitlement System (MES)</p>
Promote awareness of the purposes and functions of the Parliament and facilitate community access	<p>Finalise and implement policies on exhibition space and artworks</p> <p>Review and enhance presentations provided to visitors</p> <p>Implement new arrangements for delivery of protocol services, with closer integration of this work into Procedure Office</p>
Provide functional, safe and secure working environment for members, staff and visitors	<p>Implement liquor licence for Parliament House</p>
Enhance organisational capability in planning and service delivery	<p>Finalise the restructure of the Department</p> <p>Develop and implement Results and Services Plan, and new corporate plan</p> <p>Review and update recruitment processes and human resource administration in joint services</p>

Performance	Targets 2005/06
<p>Ongoing drafting and revision of chapters has continued</p> <p>Completed</p>	<p>Finalise drafting by March 2007</p>
<p>Initial program of breakfast seminars for newly elected members completed</p>	<p>Procedural and related seminars for staff to be held during winter recess 2005, with a view to trialling new seminars for delivery to members and staff in 2006</p>
<p>Ongoing entry of existing precedent material onto lotus notes database</p>	<p>Training sessions for staff on how to access and retrieve information from databases, together with additional entry of information onto system</p>
<p>Deferred</p>	<p>Material to be compiled to facilitate publication of the 2nd edition of the Guide in early 2007</p>
<p>Completed interfacing of MES with Parliament's Accounting System (SAP)</p>	<p>Continue the upgrade to include all entitlements in the system</p>
<p>Completed</p>	
<p>Restructure of Attendant Services into Chamber and Support Services has included new emphasis on the importance of presentations to visitors</p>	<p>Usher of the Black Rod and Chamber and Support Services staff to review and implement lessons from Federal Parliament</p>
<p>Protocol functions undertaken by Usher of the Black Rod with support from Office of the Clerk</p>	<p>Protocol functions to be fully integrated into Procedure Office</p>
<p>Detailed preparations towards implementation, in conjunction with officers of the department of Gaming and Racing</p>	<p>1 September 2005 implementation date</p> <p>Refresher training in responsible service of alcohol</p>
<p>Completed</p>	<p>Review of training needs of staff in new roles and initiation of comprehensive training program</p>
<p>Completed</p>	<p>Results and Services Plan to be revised to reflect new Treasury requirements</p>
<p>Review completed. Implementation of new recruitment and human resource practices in Food Beverage Services commenced.</p>	<p>Implementation of outcomes of the review. Completion of implementation of new recruitment and human resource practices in Food and Beverage Services.</p>

Report on performance by program

Procedure

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Procedure

The key role of the Procedure Office is to provide procedural support, advice and research necessary for the effective functioning of the House.

The Procedure Office has a number of key processing, distribution and service requirements, namely:

- production of records of the proceedings of the House in accordance with standing orders, including the *Minutes of Proceedings*, *Notice Paper*, and *Questions and Answers Paper*, which are published on each sitting day, and the *Statutory Rules and Instruments* paper, published weekly during sittings and monthly during recess
- preparation of bills and amendments and distribution of messages and Assents from the Governor and the Legislative Assembly
- maintaining safe custody of tabled papers and records of the House according to the *State Records Act*, Standing Orders and other legal requirements
- maintaining statistical records and databases which provide both members and the public with information relating to the progress of bills and other information relevant to the legislative process, other procedures in the House and members' biographical details
- providing timely advice on a range of issues, including orders for papers; motions of urgency; motions for disallowance of statutory rules and instruments; variations to standing and sessional orders; private members' notices of motions; tabling provisions; the format and content of petitions; references to committees; arrangements for joint sittings with the Legislative Assembly; the routine of business and procedural options for progressing bills and amendments
- responding to requests from members, staff and media for reports and papers

- responding to requests from the public regarding the role and functions of the Legislative Council, the progress and status of bills and Acts, members' and Ministers' contact information, the provision of fact sheets and other general enquiries.

During the reporting period staff also assisted the House and its members through the provision of services such as:

- drafting notices of motions and amendments to motions and bills for private members
- authoritative research on parliamentary procedure
- preparation of briefing notes and fact sheets, both in hard copy and electronically
- research, report writing and administrative support to the Privileges Committee
- an accurate captioning service for the broadcast of Council proceedings on the in-house television monitoring system and internet webcast
- preparation of sessional returns for the journals of the House
- provision of protocol and logistical support for special events and visits, including foreign diplomats delegations and joint sittings.

All processing, distribution and service requirements were met during the current reporting period. For example, much of the work of the office involved frequent direct contact with members, their staff and other clients, and staff consistently responded to requests within agreed timeframes. Likewise, staff contributed to public awareness of the Legislative Council and its work through phone enquiries and the timely maintenance of online databases.

Factors affecting the operations of the Procedure Office

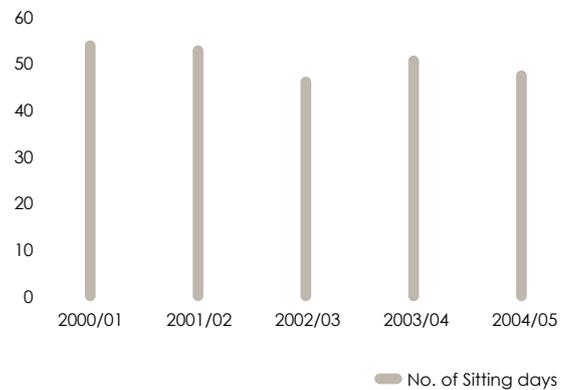
Workloads and deadlines for the office's activities are inevitably subject to external political and practical considerations beyond the control of the office or the Department of the Legislative Council. Factors affecting the operations of the Office include:

- the days and hours of the sittings of the Legislative Council, the nature of the proceedings undertaken and the scheduling of those proceedings
- the legislative workload, including the number of bills passed, the number and complexity of amendments to bills and the complexity of negotiations between the Houses on disagreements over amendments to legislation
- the number and complexity of written questions and notices of motions lodged by members
- the number of documents tabled
- the number and complexity of inquiries and requests for information from members, their staff, members of the public and media.

As outlined below, the legislative activities of the House over the past reporting year remained relatively constant compared to previous reporting years. However the number of questions, petitions and returns to orders for papers received experienced a sharp increase during 2004/05. The level of interest generated by returns to orders for papers significantly impacted upon the workload of the office, particularly in the case of those that generate a high level of media and public interest. Staff sort and file the documents, and supervise access to documents by members of the public. As it is common for a number of returns to be received at the same time, staff maintain a high level of control and supervision over the documents.

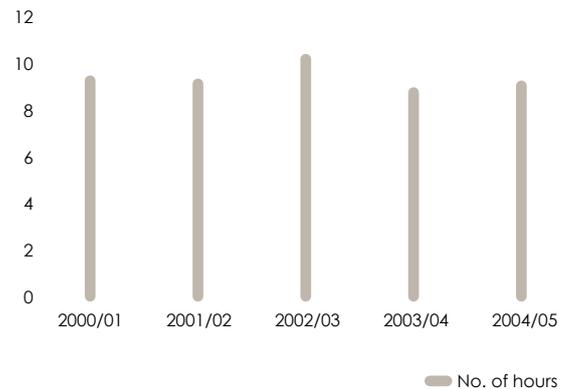
The Legislative Council sat for 16 weeks during 2004/05, the same number of sitting weeks as Legislative Assembly.

Sitting days



The average daily sitting hours were 9.2, however on four occasions the House sat beyond midnight.

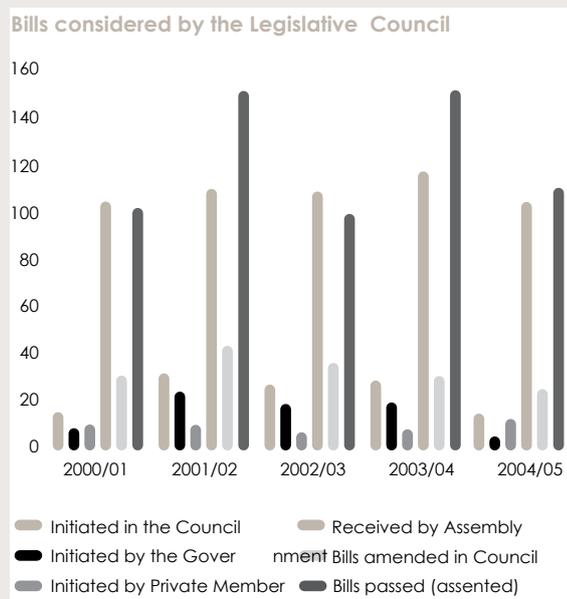
Average length of sitting



The concentration of government legislation considered towards the end of each sitting period and unpredictable peaks in the submission of questions on notice and notices of motion posed significant challenges for staff during 2004/05. In addition, the introduction of new sessional orders and subsequent changes to commencement times and the routine of business placed considerable pressure on staff. On mornings on which the House sat at 10.00am some staff were required to commence work earlier, at 8.00am, in order to prepare necessary documentation before the House met. This workload was managed without additional resources or any reduction to the quality and timeliness of services provided, and all preparation and distribution requirements continued to be met before or within agreed timeframes.

Activities of the House

Legislation



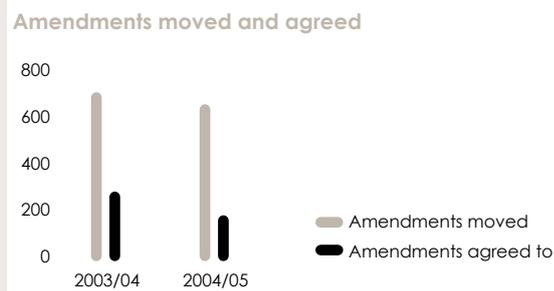
Legislative activity during 2004/05 was slightly down compared with recent years, however there was an increase in the number of private members' bills introduced into the Legislative Council, from five in 2002/03 to 13 in 2004/05.

The Procedure Office processed all bills considered in the Legislative Council during the reporting year. Staff are required to update database records in order to reflect the introduction and status of a bill, the progress made, the availability of second reading speeches, assent and commencement information, and the status of Acts (eg. whether an Act has been reprinted or repealed). Staff endeavoured to ensure that information regarding legislative processes was updated and made available in a timely manner, and also consistently met service and distribution requirements.

Of the 112 bills considered during the year, 23% were amended by the Council. All amendments were agreed to by the Legislative Assembly.

Staff also prepare bills subject to amendment for use by the Clerks and the Chair during Committee of the Whole. During the reporting period 737 amendments were circulated for 49 bills. Of these 619 (85%) amendments were moved in Committee of the Whole and 190 agreed to. Procedure staff examine each amendment circulated to determine whether it is admissible.

The Office's ability to process information is dependant upon the flow of information and documentation from Parliamentary Counsel and the speed with which amendments are submitted by the various members and parties. In order to facilitate this process a memorandum outlining the relevant procedures for lodgement of amendments to the Clerks at the Table was circulated to members at the commencement of the reporting period. This circular sought in particular to highlight the importance of early lodgement of amendments, as this enables the Clerks at the Table to carry out the necessary preparatory work (including the 'marshalling' of amendments in order of consideration, preparation of running sheets and preparation of the Clerk's and Chair's copies of the bill) and provide members with advice regarding options for progressing their amendments.



The Legislative Council spent 25% of total sitting time considering legislation during 2004/05. A number of complex and contentious bills were dealt with during the reporting period and this was reflected in the number of amendments moved in Committee of the Whole.

For example, the second reading of the Threatened Species Legislation Amendment Bill 2004 was debated over two days and a further two days were taken in considering amendments in detail Committee of the Whole. There were 176 amendments proposed to the bill circulated, comprising 23 from the Government, 32 from the Opposition, three from the Australian Democrats and 107 from the Greens. Of the amendments circulated, 147 were moved in Committee of the Whole and 61 agreed to. The Home Building Amendment Bill 2004 attracted 46 amendments from the cross bench parties and the University Legislation Amendment Bill 2004 attracted 144 amendments from the Greens.

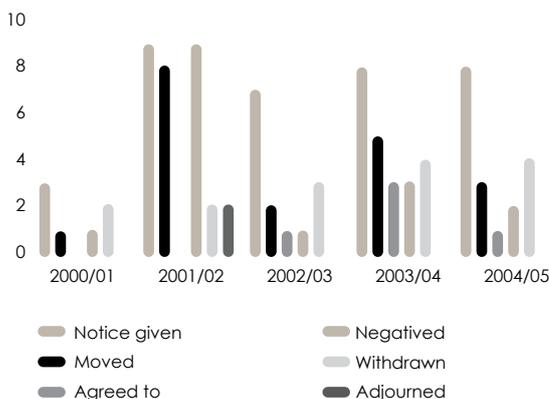
The proportion of time taken considering amendments equated to 35% of the time spent considering legislation, largely due to the complexity of some amendments and divergent views on many of those proposed. For example, the total time spent in Committee of the Whole for the Threatened Species Amendment Bill 2004 and Redfern-Waterloo Amendment Bill 2004 equated to 10 hours 43 minutes.

Bills lists and daily bills updates indicating the progress of legislation are provided for members and their staff, ministerial and departmental advisers, parliamentary liaison officers, and the public. This information is made available on the Parliament website and is updated throughout the day during a sitting.

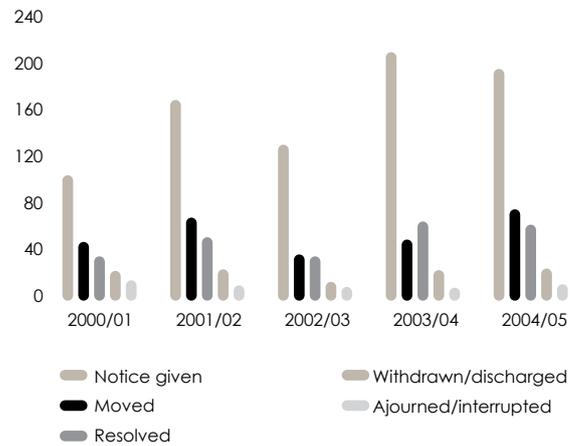
Motions for disallowance of statutory rules

During the year three motions for the disallowance of statutory rules and instruments were moved. These related to the Stock Diseases (General) Regulation 2004, the Crimes (Administration of Sentences) Amendment (Category AA Inmates) Regulation 2004 and the Protection of the Environment Operations (Noise Control) Amendment (Motor Cycle Noise Control Equipment) Regulation 2004. Of those moved only the latter, moved by Dr Chesterfield-Evans, relating to the labelling of motor cycle noise control equipment and prescribed noise levels, was agreed to by the House. In addition, a notice for the disallowance of the Children's Services Regulation 2004 was given and later withdrawn.

Disallowance of statutory rules and instruments



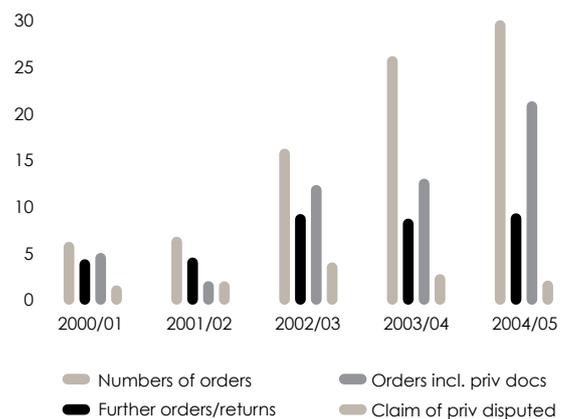
Private Members' Business



Note: notices not moved are not included in this graph.

During the reporting period two areas of private member's business notably increased in comparison to previous years. There was a significant increase in the number of private member's bills introduced and also the number of orders for the production of documents under the Legislative Council's standing order 52.

Orders for Papers



Prior to 1995, there had not been any orders for the production of papers since 1934. However, following a series of resolutions requiring the production of documents held by the Government during 1995 and 1996, and subsequent NSW Supreme Court rulings in 1996 and 1998, a High Court ruling in 1998 and NSW Court of Appeal ruling in 1999 as to the Legislative Council's powers to order the production of documents, orders for papers have become increasingly common.

During 2002/03 orders for the production of papers rose to 17, up from only 7 for the previous year. The following years reported similar trends, rising to 26 orders for 2003/04 and 30 orders for 2004/05. The majority of orders for the 2004/05 reporting period were moved by 11 Opposition members, who together were responsible for 57%, or 17, of the 30 orders moved. This was closely followed by the Greens who, between just three members, moved 40%, or 12, of the motions for orders for papers.

Of the 30 returns to orders received, 17 included documents on which privilege was claimed, and on two occasions the validity of these claims of privilege were disputed. The documents in question were released to an independent legal arbiter for evaluation and, on both occasions, a selection of documents deemed not to be privileged were later required to be tabled and authorised to be published.

There have been recent instances where documents have been excluded from returns to order on the grounds that they have been classified as "cabinet documents." Examples include such diverse documents as the "Dalton Report" into juvenile justice and reports prepared by consultants in relation to Grey Nurse shark populations and habitats. The Court of Appeal in *Egan v Chadwick* [1999] NSWCA 176 held, by a 2 to 1 majority, that the Legislative Council's inherent power to require the production of state papers did not extend to documents which would disclose the "deliberations of cabinet." Despite the examples noted, the question of whether the production of a report prepared by consultants for a minister or department, but which is subsequently considered by cabinet, would disclose the actual "deliberations of cabinet" remains unresolved.

As noted above, there has been a substantial increase in the volume of papers being received in response to members' orders. For example, 110 boxes of documents were received during the current reporting period alone. In response to this increase, current procedures for the storage and protection of tabled papers have been under review, and the Procedure Office will be investigating alternative off-site storage options over the coming year.

Documents and inquiries

During 2004/05 a total of 1,441 documents were tabled in the Legislative Council, the majority comprising annual reports and statutory instruments required to be tabled by law. The Procedure Office processed all documents presented for tabling, the details of which were recorded in the *Minutes of Proceedings* for the relevant day. The original documents presented were registered in the Procedure Office's database and storage systems and copies were made available to members and their staff upon request. The Office maintains a register of all documents tabled, which is published at the conclusion of each session of Parliament with other sessional returns and the *Minutes of Proceedings*.

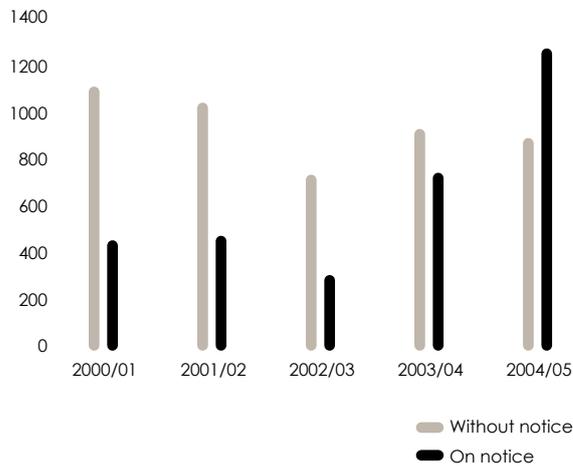
Daily Business Papers

As outlined above, Procedure Office staff prepare three daily business papers, the *Minutes of Proceedings*, the *Notice Paper* and the *Questions and Answers Paper*. Proof editions were produced for each sitting day and made available on the internet within half an hour of the conclusion of sitting, and final or 'struck-off' versions were produced following thorough verification of relevant material. These papers provide an accurate and comprehensive record of proceedings which are later published with sessional returns, as the *Journals of the Legislative Council*.

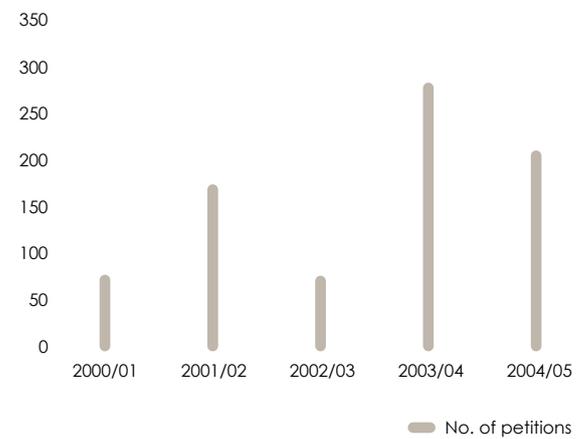
Staff met the requirements for the production of daily business papers in accordance with required timeframes on all but one occasion, which fell within the 2004 budget estimates session. Following from the committee hearings for that day, the Procedure Office received in excess of 500 questions for publication in the *Questions and Answers Paper*, and staff resolved to work over the following weekend to process the bulk of the questions received.

To maximise services to members and their staff, the Procedure Office staff have been involved in the development and implementation of a new web-based system for production of the *Questions and Answers Paper* that will provide members with a user-friendly questions and answers database accessible over the Intranet. The system will also assist in the timely entry of data via a number of new search and editing features. It is expected that the new system will be in operation for the spring session of commencing in September 2005.

Questions



Petitions



Questions on notice lodged by members were edited for compliance with standing orders and published in the *Questions and Answers Paper* for that day, along with any answers received to questions previously asked. Answers to questions asked during question time in the House are also monitored and received by the Procedure Office and forwarded to Hansard for publication. Under the standing orders, Ministers are given 35 days in which to provide answers to the House. During the reporting period, all answers were received by the due date. The number of questions lodged has increased significantly during recent years, from 433 during 2000/01 to 1,226 during 2004/05. The inclusion of budget estimates questions in the *Questions and Answers Paper* since 2003/04 has been a key factor in this increase. For example, an additional 475 questions were received during 2003/04 to that received during 2002/03. However the marked increase during the current reporting period to almost double that of the previous reporting period also suggests that members are lodging a higher volume of questions.

During 2004/05 the Procedure Office provided assistance and advice to members and their staff regarding the format and content of petitions. Members lodged a total of 204 petitions, a slight decrease from 283 the year before, but in keeping with the significant growth in the number of petitions lodged compared with earlier years. An average of 4 petitions were prepared for presentation in the House each sitting day, although this generally increased to 10 or more petitions on the first sitting day of the week. Following from trends during the 2003/04 reporting period, the preservation of religious freedoms continues to be a dominant topic of concern, with one quarter of all petitions presented during the 2004/05 reporting period relating to changes to religious freedom of speech under various Anti-Discrimination Amendment Bills.

Protocol

Another important role of the Procedure Office is its protocol function, including arrangements for visiting delegations from interstate and overseas and assisting the President's Office with official functions. The Usher and Deputy Usher of the Black Rod hold management positions in the Procedure Office and the aim of the Legislative Council in 2004/05 has been to make protocol an integrated part of the work of staff of the office.

One of the visits arranged was a delegation from the California State Legislature, led by Senator Dick Ackerman, as part of the sister state relationship between the two Parliaments. A program was arranged for the six day visit, including meetings with government and private sector representatives and receptions. The Clerk, Usher of the Black Rod and other staff accompanied the delegation to meetings, and a separate partners program was also facilitated. The delegation visited the Hunter region over a weekend.

Another visit arranged with staff of the Legislative Assembly, was a three week program for staff from the Thai Senate, as part of an ongoing exchange program. The visitors received a series of briefings on all aspects of the operations of the Parliament, together with a full program of visits and receptions. A week long visit to Canberra included briefings from senior staff of the Senate and House of Representatives, and a visit to the Burrinjuck Electorate Office.

A notable feature of recent years has been the priority given to artwork by the President Meredith Burgmann, which has resulted in monthly exhibitions held in the Fountain Court area. Members from both Houses apply to the Presiding Officers for approval to display art exhibitions which demonstrate a theme relevant to communities in NSW or which showcase NSW artists. The approval process is administered by the Usher of the Black Rod and the exhibitions are hung with the assistance of Legislative Council Chamber and Support staff. The next reporting year will see the hosting of the Parliament's inaugural NSW Indigenous Art prize, a competition hosted by both Houses to encourage the promotion of New South Wales Indigenous art.

New technology

Following the installation of a new camera system and the provision of a high quality video signal in-House, to the television networks and on the internet, work commenced in 2003/04 on the development of a video-titling system. The video-titling system was designed to provide information about the workings of the House and to promote public awareness of its proceedings. The system broadcasts the name, party and position of the member speaking, the type of debate and the title of the bill or other matters being considered. For timed debates such as question time, the system also broadcasts the time available for each member speaking. During 2004/05, the system has been enhanced to ensure it provides appropriate information in an accessible format.



Mr G. Kay, camera operator, in the Legislative Council's Broadcasting Studio

Chamber and Support

The Legislative Council currently employs eight staff responsible for a diverse range of duties:

- providing a front of house function including reception and issuing passes to members' guests and assisting with security
- assisting with visitor enquiries and telephone enquiries at the front desk on level 7 and for members on level 11
- assisting in various aspects of the chamber during sittings, including setting up of the chamber and distribution of business papers, security, distribution of legislative amendments
- handling of documents, messages and logistics for committee hearings, including Estimates inquiries
- presentations to schools and other groups on the functions and history of the Legislative Council as well as hosting tours of the Council chamber
- taking of room bookings and facilitating set up for functions.

Chamber and Support staff welcome visitors to the building, answering questions and providing information on the operations of the Parliament of New South Wales. During the reporting period there were 650 booked tours, which contributed to more than 49,000 people visiting the Parliament building.

During 2004/05 Chamber and Support positions underwent a restructure, as the final part of the restructure of the Department. The positions were regraded to integrate them into the Legislative Council structure and all positions were advertised. The title of the positions was changed from 'Attendant' to 'Chamber and Support Services' to reflect the expanded role of the positions. In addition, the Manager's position was changed to include responsibility for the installation and presentation of exhibitions in the Fountain Court.

CASE STUDY 1

Parliamentary Staff Service Awards

Each year Parliamentary Service Awards are issued to staff in recognition of their contribution to the organisation. In 2004, five staff were recognised:

10 years' service:

- Philippa Gately
- Natasha O'Connor
- Judith Russell
- Lucy Smith

20 years' service:

- Maurice Rebecchi (*pictured here*)



Forum on Ageing

On 28 September 2004 the Forum on Ageing was held in Parliament House at which over 160 delegates attended, representing Government departments, non-government organisations, interest groups, unions and businesses. Plenary sessions were held in the Legislative Council chamber where parliamentary and non-parliamentary delegates debated issues on the ageing of the population and ways to enhance the role of older people in the community. Five working groups met throughout the day in meeting rooms around the building.

Legislative Council staff, and in particular Rachel Simpson, Principal Council Officer, Committees, played a key role in providing logistical and procedural support and advice in the lead up to and during the forum and co-ordinating the various Joint Parliamentary services that contributed to the Forum's success. Legislative Council staff provided administrative, procedural and chamber support throughout the Forum, and Committee staff from the Legislative Council and Legislative Assembly provided secretariat support to the Working Groups.



ANZACATT

The Australian and New Zealand Association of Clerks at the Table (ANZACATT) was established in 2001 to assist in meeting the professional development needs of parliamentary officers in all Australian parliaments.

During 2004/05 the Department of the Legislative Council made a significant contribution to the professional development of parliamentary officers, through ANZACATT.

QUT course

In December 2004 the inaugural course on Parliamentary Law, Practices and Procedures was conducted by the Faculty of Law at the Queensland University of Technology (QUT). The course, an initiative of the Education Sub-Committee of the ANZACATT, is the first of its type anywhere in the world. The purpose of the course is to be both academic and practical and to provide parliamentary officers with a strong theoretical knowledge of parliamentary law, practice and procedure. Course content was developed by QUT with the assistance of ANZACATT in order to ensure its relevance to parliamentary officers.

The Department of the Legislative Council made two contributions to this course. Firstly, the Clerk of the Parliaments, Mr John Evans, presented on the subjects of parliamentary procedure, standing orders and parliamentary privilege. Other presenters included lecturers from QUT, Bond University and Griffith University, and the Clerk of the Queensland Legislative Assembly.

The course was attended by 20 parliamentary officers from state and territory parliaments, the Australian Federal parliament and the New Zealand parliament. The Department of the Legislative Council was represented by Ms Susan Want and Mr Stuart Lowe. These officers, both experienced table officers, were selected to attend to ensure that the Department could provide constructive feedback to course organisers on the relevance of the course content, particularly to the work of table officers.

Positive feedback from course participants will ensure the attendance of staff of the Department of the Legislative Council at future courses, together with the continued involvement of senior officers as presenters.

Professional development seminar

ANZACATT holds a professional development seminar for parliamentary officers at the end of January each year. These seminars are organised by a professional development committee. The Department of the Legislative Council was represented on the committee until January 2005 by the then Usher of the Black Rod, Mr David Blunt. (Mr Blunt chaired the committee in the lead up to the 2004 seminar which was held in Sydney.)

Four officers attended the January 2005 seminar in Wellington. The Deputy Clerk, Ms Lynn Lovelock, presented on parliamentary privilege. Ms Lovelock was invited to present on this topic following a very positive response to her presentation on parliamentary privilege at the January 2004 seminar in Sydney. Mr David Blunt presented at a workshop on parliamentary privilege and members' documents. Mr Warren Cahill contributed to workshops on committee staffing models and quality control of the drafting of reports by committee staff.





Social Issues Committee
public hearing

Two members resigned from the Legislative Council to contest the October 2004 Federal election. The Hon Tony Burke was successful in gaining the seat of Watson in the House of Representatives. Following the announcement of his resignation, Mr Burke reflected on his relatively brief time as a member of the Legislative Council and on the role of the House and its committees.

MR BURKE:... I have had many highlights in my time in this Chamber. As honourable members are no doubt aware, I have loved the debate and got involved boots and all at every opportunity. The committee work, and particularly my work on the State Development Committee, has provided information, opportunities and memories that I will treasure forever. This Chamber was given over to scientific experts during the science summit to conduct a debate to which honourable members were observers. That was a great example of how this place can be used to facilitate community involvement and to assist us to become better informed. I am very grateful for my time in the place, but I accept that this is the adjournment debate, so I will limit my thanks. I will remember my time as a staffer in the Federal Parliament. The goodwill extended in this place is certainly not extended in that place. I have enjoyed the generosity of spirit that has been offered.

At the end of my inaugural speech I referred to my genuine intention to have a positive working relationship with honourable members from all parties. That is exactly what has happened, and I am grateful to each and every member for that. This Chamber works well not merely because of the members – and sometimes despite them – but because of the efforts of the staff. I extend my sincere thanks to the Clerk and his team, to the attendants and to the other staff of the Parliament...

Committees

During 2004/05 there were a total of ten Legislative Council committees in operation, including four Standing Committees, five General Purpose Standing Committees, and a Select Committee on Juvenile Offenders.

Most members of the Council are members of one or more upper house committees. The membership of committees generally reflects the membership of the House, with representation from the Government, the Opposition and the Cross Bench. In addition to Legislative Council committees, a number of members are also on one or more of the joint standing committees administered by the Legislative Assembly, such as the Committee on Children and Young People, the Committee on the Independent Commission Against Corruption and the Legislation Review Committee.

Committees are an important part of the Legislative Council, particularly in relation to its role as a House of review. Committees perform a wide range of functions, including:

- conducting inquiries
- providing Parliament with access to expert advice
- assisting the Council in its function to oversight the Executive
- allowing opportunities for individuals and groups to put views to Parliamentarians
- providing a forum for public debate on issues before the Parliament.

The committees operate according to the procedures determined by the House and outlined in the standing orders, sessional orders and any specific resolutions that might relate to the functions of a particular committee inquiry. In addition, the provisions of several Acts such as the *Parliamentary Evidence Act 1901*, are relevant to committee powers and functions. Committees are bound to comply with these procedures, with decisions based on these powers as well as on customs, past practices and precedents of the House, and parliamentary tradition. Nevertheless, the committee system is dynamic and, as we have seen over the past year, capable of responding to new challenges. A number of these events are outlined below.

Legislative Council committees are supported by secretariat staff who provide expert procedural advice as well as administrative and research support. As noted elsewhere in this report, the recent restructure of the Department has resulted in the establishment of new positions across the Department, including committees. During the 2004/05 period, committee positions were restructured to provide better career development paths, particularly for junior staff. As detailed below, in this period committee staff were also involved in a number of policy and administrative projects aimed at improving the effectiveness and efficiency of the operation of the Department.

The substantial work of the committees over 2004/05, including detailed information on the number of inquiries and reports and committee visits, can be found in *Annual Report 2004/05, Volume 2*.

Committee inquiries – major events and highlights

Legislative Council committees completed 17 inquiries during the year. Another nine inquiries were commenced but were incomplete at the end of 2004/05. A wide variety of legislative and policy issues were the subject of inquiry during this period including: workers compensation fraud; the operation of Mona Vale Hospital; the management of Kariong Juvenile Justice Centre; the Designer Outlet Centre, Liverpool; back-end home detention; the adequacy of ports infrastructure; recruitment and training of teachers; the *Inebriates Act, 1912*; and changes to post school programs for people with a disability.

In summary, in the 2004/05 period:

LC Committee	Active Inquiries	Reports Tabled	Meetings
GPSC No. 1	4	2	13
GPSC No. 2	4	2	28
GPSC No. 3	3	2	11
GPSC No. 4	6	4	33
GPSC No. 5	4	3	14
Juvenile Offenders	1	0	10
Law and Justice	5	3	17
Social Issues	6	3	25
State Development	2	1	6
Privileges	4	1	7
Total	39	21	164

In the 2004/05 period, committees faced a number of new procedural developments, resulting from several controversial inquiries. Committees also continued their exploration of new and innovative ways to consult with communities on issues of importance to the citizens of New South Wales. The section below provides a brief overview of a number of noteworthy developments in relation to the work of Legislative Council committees.

Interrelationship between committee inquiries and the House

A notable development in the 2004/05 period was the growing interrelationship between committee inquiries and activities in the House. An example of this interrelationship was the Standing Committee on Social Issues' inquiry into issues relating to Redfern and Waterloo. The House referred the inquiry after the death of a young Aboriginal man and subsequent unrest and disturbance in Redfern in mid February 2004. While the terms of reference did not specifically relate to these events, they provided the reasons for, and the focus of, many of the issues examined. During the course of the inquiry from February to December 2004, the Government made a number of major announcements relating to Redfern and Waterloo including the establishment of the Redfern Waterloo Authority. As the passage of the bill governing the Authority occurred while the inquiry was in progress, the committee was able to consider the debate and amendments to the bill as part of its deliberations and report writing. Similarly, as a result of the information gathered by the committee during the inquiry, members of the Legislative Council had a greater depth of understanding of the issues facing the area, and being addressed by the Redfern Waterloo Authority Bill.

The issues surrounding the operation and management of the Kariong Juvenile Justice Centre also demonstrated the important interrelationship between the activities of the House and its committees. In the second half of 2004, following a budget estimates hearing, the House requested General Purpose Standing Committee No 3 to meet for the purpose of hearing evidence from youth workers and staff at Kariong Detention Centre. Late in 2004, after a series of events and incidents at the Centre, the Government introduced the Juvenile Offenders Legislation Amendment Bill. Concurrent with the passage of the second reading of the bill in December, the House established a Select Committee on Juvenile Offenders to examine the transfer of Kariong Juvenile Justice Centre to the Department of Corrective Services, and certain other related issues. As directed by the terms of reference, the committee examined the provisions of the *Juvenile Offenders Legislation Amendment Act 2004*,

specific issues relating to the decision to transfer the management responsibility for Kariong and matters concerning the management of juvenile offenders more generally.

Budget estimates inquiries

As with every year, the 2004/05 Budget Estimates was an important aspect of the work of committees in scrutiny of the executive government. The budget estimates process provides a valuable opportunity for members of the Legislative Council to question Ministers and Departmental officers on expenditure and other matters relevant to their areas of responsibilities. Unlike other Australian Parliaments, Ministers in the Legislative Assembly voluntarily attend the upper house budget estimates hearings to answer questions. Conducted through the General Purpose Standing Committees, the budget estimates process occurred between September 2004 and March 2005. In the initial round of two-hour hearings in the

week beginning 13 September, Ministers appeared before the committees with their Departmental representatives. A number of committees held supplementary hearings into portfolio areas including Health; Environment and Conservation; Ageing, Disability and Home Care; and Primary Industries. A total of 36 hearings were held in relation to the 2004/05 Budget Estimates inquiries. A growing trend for the budget estimates inquiries is for a longer inquiry process with initial then supplementary hearings and in 2004/05 this trend continued, with the process virtually a year round activity. The committee secretariat's responsibilities during estimates are considerably different to other policy and oversight inquiries. Committee staff are involved in the administration and organisation of hearings, however very little work is required in relation to the analysis of issues raised in evidence before the committees. While a final report is produced, the content is a brief overview of issues raised at the hearings.

Website Redesign Project

In 2003/04, Parliament Information Technology Services commenced a project to upgrade and enhance the Parliament's intranet and internet pages. This project continued into the 2004/05 financial year, with the new website and intranet launched on 1 September 2004. Staff from the Department of the Legislative Council were active in providing input to the project, and in testing and providing feedback as the new sites were developed. In particular, staff from the Procedure Office and Committees played a major role in the design and development of the website. Several members of staff participated as members of steering committees and in providing information architecture to be incorporated in the new website. The staff on the steering committee conducted surveys and interviews with staff to feed back to the design team.

Enhancements to the Committees pages contributed by Legislative Council staff include:

- user-friendly URLs for each committee for users to access committee information more directly – for example www.parliament.nsw.gov.au/statedevelopment
- redesign of the search function
- improved navigation features.

Complex procedural issues – Inquiry into the Designer Outlets Centre, Liverpool

During 2004 the Legislative Council experienced one of its most politically controversial and procedurally difficult inquiries to date – the inquiry into the Designer Outlets Centre, Liverpool (the Orange Grove inquiry). To view the committee's report, go to www.parliament.nsw.gov.au/gpsc4.

The inquiry was, at times, difficult for committee members and staff and attracted considerable media and public attention. Several noteworthy procedural events occurred during the course of the inquiry, including summoning a ministerial advisor – a precedent for any Australian Parliament. The inquiry was also notable for an escalation of the ongoing debate between the Legislative Council and the Executive regarding the powers of a parliamentary committee to order the production of documents. Twice during the inquiry the committee resolved to order the production of documents under standing order 208 (c) from relevant government departments. These issues are discussed earlier in this report.

Consultation with communities

Over recent years, Legislative Council committees have developed new and innovative ways to consult communities on important public policy issues. In 2004/05 a number of committee inquiries required consultation with specific community groups.

In December 2004 General Purpose Standing Committee No. 2 self referred an inquiry into changes to the post school funding programs for young people with a disability. Although the committee received a large number of submissions from parents, service providers and community groups it received only two submissions from participants in the programs being reviewed. To ensure the perspectives of those with a disability were considered, the committee engaged a consultant with experience in working with the target group. Forums were held in locations in Sydney, Wollongong and Newcastle with groups of between five to 10 program participants with intellectual and/or physical disabilities, contacted through service providers and parent networks. The number of committee members was kept to a maximum of three per consultation at the request of the facilitators, which necessitated

the House authorising the committee to form sub-committees. Committee members asked questions which had been drafted with the assistance of the facilitators to ensure more effective communication with the target groups. A report was prepared of each consultation and has been published by the committee. The report, *Inquiry into Changes to Post School Programs for Young Adults with a Disability, Getting a Fair Go*, can be found at www.parliament.nsw.gov.au/gpsc2.

In its inquiry into Redfern and Waterloo, the Social Issues Committee, in an undertaking to consult widely, held 13 days of hearings and took evidence from 139 witnesses. In recognition of the large number of Indigenous people living in Redfern and Waterloo, and the significance of the Redfern area to Aboriginal people, the committee staff had numerous preliminary meetings with Indigenous community leaders to determine the most appropriate methods of consultation. In addition, the committee was assisted by the involvement of the Jumbunna House of Indigenous Learning in giving members of the local community an understanding of the inquiry process and participation in the consultation process. The committee conducted many of the hearings at different locations in the Redfern and Waterloo area. The consultation process involved a range of people including service providers, educators, community elders, individual community leaders and young people. The interim and final reports for this inquiry as well as other social issues reports can be found at www.parliament.nsw.gov.au/socialissues.

For its inquiry into back-end home detention, the Law and Justice Committee held public hearings on 17 and 18 March 2005 in Sydney, and invited expert witnesses from the corrective services departments in Victoria and Queensland to attend. The committee also heard evidence from an offender who was at the time serving his sentence under a home detention order. Special arrangements were made with the Department of Corrective Services to facilitate the witness's appearance, including varying the conditions of his home detention order. Evidence was heard *in camera*, although immediately following the hearing the committee resolved to publish a transcript of the evidence.

The Law and Justice Committee also undertook site visits to regional New South Wales as part of its inquiry into community based sentencing. The committee visited Inverell, Bourke, Brewarrina, Griffith and Bega and held hearings and public forums in all locations. In addition, the committee conducted informal meetings with representatives of local Aboriginal communities and visited the Yetta Dhinnakkal Centre in Brewarrina, a minimum security correctional facility for aboriginal males.

Parliamentary privilege and the seizure of documents by ICAC

On 22 March 2005 the Hon Peter Breen gave notice of a motion that the Privileges Committee inquire into and report on whether the search warrant used in the seizure of documents from his office was properly obtained, with particular regard to: whether the information used by the ICAC in securing the warrant was reliable; whether information provided in certain transcripts of interview referred to the application for the warrant is consistent with assertions made in the application itself; whether officers of the ICAC knowingly and/or deliberately falsified or misconstrued the evidence presented to the justice in obtaining the warrant; and whether the justice issuing the warrant was aware of or briefed in relation to parliamentary privilege as it applied in this matter.

Mr Breen's motion has not yet been moved. On 6 April 2005 the House agreed to a motion by the Chair of the Privileges Committee that the Committee is to inquire into and report on appropriate protocols to be adopted for the execution of search warrants on members' offices by law enforcement agencies and investigative bodies.

In conducting the inquiry, the committee is to have particular regard to the procedures to be followed:

- (a) in obtaining a search warrant
- (b) prior to executing a search warrant
- (c) in executing a search warrant
- (d) if privilege or immunity is claimed, and
- (e) for the resolution of disputed claims of privilege.

On 9 June 2005, the Legislative Assembly forwarded a message to the Council informing it that the Assembly Committee on Parliamentary Privilege and Ethics had received a reference concerning protocols for

the execution of search warrants in similar terms to the reference to the Council Privileges Committee. The message requested that leave be given to the Council committee to confer with the Assembly committee in relation to this and certain other issues. On 22 June 2005, the Council forwarded a message to the Assembly informing it that under the standing orders of the Council the Privileges Committee has power to join together with any committee of the Assembly to take evidence, deliberate and make joint reports on matters of mutual concern.

Record number of submissions

General Purpose Standing Committee No 2 received a total of 2,336 submissions for its inquiry into the operation of Mona Vale Hospital, a record number of submissions for a Legislative Council committee inquiry. The large number of submissions demonstrated the considerable public interest in the issue. The volume of submissions increased the workload of staff, both in relation to the administration and analysis of the submissions. To view the report and submissions, go to www.parliament.nsw.gov.au/gpsc2.

Major outcomes

Legislative Council's committees have a good track record in respect of government implementation of their recommendations. Sometimes, however, it may take some time for the outcomes of committee inquiries to become apparent and there will often be a range of factors contributing to such outcomes, not just the work of a particular committee. This has been the subject of some discussion in previous annual reports and was illustrated during the 2004/05 reporting year. (For more information on previous discussions on outcomes, see Steven Reynolds's paper, 'Evaluating Effectiveness of Committee Reports', at Appendix 3, Legislative Council, *Annual Report 2001, Volume 2, Committees*, pp113-119.)

In June 2005, the Premier, the Hon Bob Carr MP, announced to the annual conference of the Australian Labor Party that the government would be establishing a no-fault life-time care scheme for all catastrophically injured motor accident victims. During the period 1996 – 1998 the Standing committee on Law and Justice conducted a comprehensive inquiry into the motor accidents scheme. One of the key recommendations made by the committee in various reports on that inquiry was for the establishment of a no-fault long term care scheme, to provide for the needs of the group of catastrophically injured motor accident victims who are not compensable under the fault-based compensation system, and to ensure life-time care is provided to those receiving compensation. The committee adopted a number of innovative methods to encourage the conduct of research into and ongoing debate about this issue, which provided a platform for the further consideration of the issue and for the development of detailed costings and reform proposals. Subsequent Law and Justice committees, including the current committee, have continued to raise this issue as part of the ongoing monitoring and review of the Motor Accidents Authority and Motor Accidents Council. Although there are a range of community organisations and individuals, as well as government officials who have been connected with this issue for many years, it is undoubtedly the case that the work of the Standing Committee on Law and Justice has contributed to the development of the government's proposal.

In December 2004 the Social Issues Committee received its long awaited government response regarding its inquiry into child protection services. Due to prorogation of the 52nd Parliament, the Government's obligation to respond to the 2002 Report had ceased. Despite this, the Chair wrote to the Minister suggesting a response to the Report's recommendations was desirable. In providing the response, then Minister for Community Services, the Hon Carmel Tebbutt, MLC wrote, 'the Report's recommendations had had a significant influence on the direction of the Department of Community Services' reform program...' To view the 34 page Government Response, go to the www.parliament.nsw.gov.au/socialissues.

Staffing and administration

In 2004/05 approximately 20 staff of the Department of the Legislative Council worked with committees. Each committee is supported by a secretariat including a Director and research and administrative staff. Due to the unpredictable nature of committee work, the Department encourages committee staff to work across more than one committee. Our committee staff are distinguished by their capacity to move across a range of committees dealing with diverse subject areas. These members of staff are highly skilled at getting across complex policy and legislative issues in considerable short timeframes.

The committee staff review their processes on a regular basis and in 2004/05 continued work on the development of a manual on practice and procedure. The manual is to be based on the relevant procedural authorities and will provide committee staff with an informative guide on procedural and administrative matter relevant to committee work.

During the year TRIM records management software was implemented in the Legislative Council committee area. The system was developed by Corporate Support and was tailored to the needs of the committee secretariats. Each staff member was given training in the use of the software and a manual specifically for committee records management processes was developed. The committees now has a compatible system, allowing the organisation to progress to electronic records management

as a whole which has greatly improved records management processes.

Senior committee staff also participated as presenters in parliamentary education and community relations programs. Presentations were made on the role and functions of parliamentary committees as part of the school leadership program, young women's leadership seminars, and the 'Corridor of Power' course in conjunction with the WEA. Committee staff have also presented to the Legal Aid Commission, Department of Urban Affairs and Planning and Sydney Water.

Two committee staff successfully applied for central agency funding to attend professional development courses. Mr Steven Reynolds undertook the Executive Development Program run by Premiers Department and Ms Rachel Simpson was accepted into the inaugural intake of the Graduate Diploma in Public Administration at the Sydney University's Graduate School of Government.

Working in the Legislative Council professional development program

The Working in the Legislative Council professional development program was initiated in 2004 as an opportunity for staff from government agencies to experience work in the Legislative Council, particularly with the Committees on the Budget Estimates process. In practice the individuals have gained broad experience on a range of committee inquiries, had exposure to the passage of bills through the Parliament, and gained an insight into the interplay between the Parliament and the Executive. There is a great benefit not only to the individuals who participate in the program, but to the sponsor agency and to the Legislative Council, through the exchange of information, the gaining of new perspectives and insights, and an understanding of how the work of the Legislative Council impacts on agencies and vice versa. At the conclusion of his involvement in the program in late 2004, Simon Johnston, from NSW Health, stated that: "The program gave me a real insight into what the Legislative Council and its various committees do and how their work impacts on my department."

Following the completion of the first program in late 2004, a review was undertaken, and improvements to the planning and implementation of the program were introduced for the 2005 intake. Corporate Support staff participated in the review of the program, and in developing promotional and information packages and sessions, in addition to assisting with the organisation of the selection process.

Further reviews are planned, and if the program continues to receive interest and support from government agencies, the program may be expanded to enable additional participants each year from a range of agencies.



During 2004/05, 30 new staff were recruited by the Department, including members' staff. All new staff receive a detailed induction, including advice regarding conditions of employment and an overview of the role of Parliament and its structure and functions.

Above: Rhia Bolonia and Jacki Mead

Corporate Support

Establishment of the Corporate Support unit

The Corporate Support unit was established during 2004/05 as a key outcome of the restructure of the Department of the Legislative Council. The unit brings together the following functions into one section:

- Human resources
- Members' entitlements
- Information and governance

The Corporate Support unit provides services that are essential for the effective performance of functions by a number of clients, including: members of the Legislative Council and their staff; the staff of the Department; and parliamentary joint services.

The establishment of the unit, bringing together staff from a number of separate sections of the Department, and taking on new roles, has been and remains a 'work in progress'. To date, the restructure has allowed for additional staff resources to be allocated to the processing of members' entitlements claims, which has assisted in the timeliness of the provision of services to members and their staff. The establishment of a new position of Director, Corporate Support, and restructuring of Principal Council Officer and Senior Council Officer positions, has also enhanced the capacity of the Department in relation corporate planning and reporting and information services. The further integration of the former separate sections making up Corporate Support, including re-organising processing systems, will be further progressed during the next reporting period.

During the 2004/05 financial year, Corporate Support provided the following services to members and their staff, the Department of the Legislative Council, and parliamentary joint services:

- provision of timely and sound advice in relation to human resources and industrial relations
- maintenance of accurate personnel records, including processing employee entitlements, for appointments, leave, allowances, study assistance, and salary increments
- co-ordination and facilitation of the advertising of vacant positions and the selection of new employees

- research, development and review of human resource and corporate policies and procedures
- investigation and resolution of grievances
- facilitation of mediation with independent mediators
- co-ordination of the performance development program
- undertaking of job analysis and job evaluation for Legislative Council and joint departments
- provision of timely and accurate advice regarding members' entitlements
- timely and accurate administration of the system of members' parliamentary entitlements, including processing of claims in accordance with service targets
- supply and maintenance of equipment to members
- asset management
- procurement
- document management and advising on and enhancement of paper-based and electronic records management for the Department and some joint services
- corporate planning and reporting, including contributions to the Parliament's Results and Services Plan, and Total Asset Management Plan.

Corporate Support has also undertaken a number of significant projects including overseeing the restructure of the Legislative Council, administering the exchange program with the Scottish Parliament and the 'Working in the Legislative Council' professional development program. These projects are outlined in further detail below.

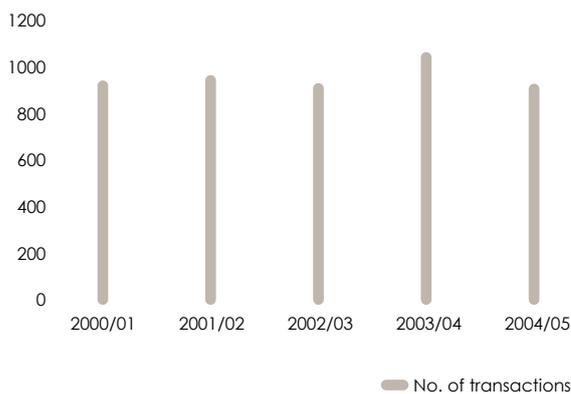
Human resources

The maintenance of accurate personnel and related records is an essential requirement for the provision of effective corporate support services. Such records are essential to ensure that staff receive their entitlements and to enable effective research and the development and improvement of policy and procedures. The following statistics give a sense of the scope of personnel functions undertaken in the Corporate Support unit:

- recruitment and induction of 30 new employees (including members' staff)
- separation (resignation, transfer, retirement) of 27 employees (including members' staff)
- investigation of 10 grievances (including parliamentary joint services).

Corporate Support staff also processed more than 1,000 leave transactions in 2004/05, an increase on the previous five years. The following table outlines the leave transactions processed since 2001/02:

Leave transactions processed



During the next reporting period, the Department will be assuming personnel responsibilities for a number of parliamentary joint services, which will significantly increase the volume of processing undertaken in the Corporate Support unit.

Corporate Support provides advice to Members and staff of the Legislative Council, and to the joint departments, Building Services, Information Technology Services and Food and Beverage Services, on industrial relations policy and procedure.

Advice and negotiations are undertaken both through participation in joint consultative committee meetings with the Department of the Legislative Assembly and the Public Service Association, and on an ad hoc basis as issues or problems are identified.

During the second half of the reporting period a significant proportion of the time of the senior human resource staff in the Corporate Support unit was dedicated to dealing with grievances raised by staff of parliamentary joint services.

Industrial relations advice was provided for the following matters in 2004/05:

- the restructure of the Department of the Legislative Council
- review of human resources service provision to joint services departments
- management of the Library
- management of Building Services
- review of parliamentary security structure
- review of Enterprise Agreements in Building Services
- Dignity and Respect in the Workplace campaign and associated policies, including anti-bullying and code of conduct
- review of Food and Beverage Services – employment conditions and entitlements of permanent and casual staff
- Email and intranet usage policy – staff responsibilities.

Restructure of the Department of the Legislative Council

The restructure of the Department has been discussed in detail earlier in this report. Corporate Support staff were intimately involved with the implementation of the restructure during 2004/05, through the provision of advice and services including:

- position evaluation and the development of position descriptions
- training and other support for staff applying for positions in the new structure, including both formal resume and interview skills training as well as mock interviews and informal coaching
- advice to senior management on the timing and rollout of the restructure, to ensure minimal disruption to the Department's core functions
- communication of key aspects and stages of the restructure, to keep the entire organisation informed throughout, and to provide an avenue for questions, comments and feedback on the progress of the restructure
- consultation with the Public Service Association
- management of 'displaced' staff
- recruitment of new staff in the later stages of the restructure process.

Staff development

Performance Development Program

The Performance Development Program provides staff and management with an opportunity for timely communication and constructive feedback. The Program allows for 6 monthly reviews between individual staff members and within teams and reflects the Department's commitment to providing development opportunities to assist staff in reaching career goals. Issues considered in these reviews include identification of goals, the provision of development opportunities, including formal and on-the-job training, rotation, performance of higher duties, secondments and allocation of project work. Due to the restructure, the program was temporarily suspended during the restructure to enable staff to settle into new roles and new work areas before being expected to make an evaluation of their performance and progress. The program resumed in May 2005 and will be reviewed in 2005/06.

Training

The Department of the Legislative Council provided a range of opportunities for staff development through 2004/05. For example, in September 2004, Corporate Support and Committees staff organised an in-house training course on 'Editing skills and issues' for all Legislative Council staff. The course was provided in response to a need identified by a range of staff across the Department, and as a result of a review of Committee report effectiveness.



*Far left: Dora Oravec
and Rachel Simpson
Left: Sandra Vella*

Exchange program – Scottish Parliament

The Legislative Council inaugurated a staff exchange program with the Scottish Parliament in March 2005. The program has been developed to provide links between provincial parliaments, career development opportunities for staff, and expand and develop Legislative Council corporate knowledge.

The first participants in the program, Merrin Thompson, Principal Council Officer – Committees, and Graeme Elliot, Senior Assistant Clerk, Scottish Parliament, have both been able to develop knowledge, experience and skills that can be used in their roles upon return to their respective positions, as well as giving their host parliaments an insight into, for the Legislative Council, the view from a young provincial parliament, and for the Scottish Parliament, a more traditional perspective with a long history of precedent and procedure.

Corporate Support staff liaised extensively with the Scottish Parliament to develop and administer the exchange, drafting exchange contracts, assisting the participants with visa and other requirements, and the development of protocols for the success of the program.

Since his arrival in March 2005, Graeme has made a valuable contribution to committees and the Department more broadly. In addition to working on the Select Committee on Juvenile Offenders, Graeme has provided considerable input on the processes and practices of the Scottish Parliamentary and committee system. Merrin has also had the opportunity to work across different aspects of the Scottish Parliament. In recent correspondence, Merrin wrote:

'I am working in the Health Committee of the Scottish Parliament. The exchange is a tremendous opportunity for professional development, and is also intended to deliver a number of outcomes for the Legislative Council. On a personal level, it's building my understanding of committee procedure and practices, giving me new insights into the values and culture of different parliaments ... At the corporate level, the exchange is strengthening the relationship between the Scottish and NSW Parliaments and enabling the sharing of ideas, systems and expertise between them.'



Merrin Thompson outside Scottish Parliament



Graeme Elliott giving a presentation to staff on the Scottish Parliament

Professional development

Staff in the Corporate Support area are actively encouraged to participate in a range of activities to expand and update knowledge in the ever-changing areas of human resources and corporate planning and governance. Our staff regularly attend professional development seminars and forums, both within work hours and in their own time. For example, during the 2004/05 period, Corporate Support staff attended seminars on 'Managing for Performance', 'Managing Mental Illness in the Workplace', 'Background checks and recruitment', 'Managing Displaced Employees'. In addition, a number of staff belong to formal and informal networking groups such as the IPAA (NSW) and the National Institute for Governance, leadership, learning and development networks administered through Premier's Department and corporate services reform network administered by the Department of Commerce.

During 2004/05 Corporate Support began planning and organisation of a comprehensive in-house training program for the staff of the Department of the Legislative Council, which was of particular importance given the restructure of the Department, and the arrival of a number of new staff. The program, which will be extended to include Members and their staff, as well as other key stakeholder groups, including government agencies, will be reported on in the 2005/06 annual report.

Mentor Program

The Department of the Legislative Council trialled an informal mentor program in 2004/05. The program was developed to provide an opportunity for new and more experienced staff to exchange ideas and information, to foster a positive and supportive environment, and to assist the professional development of staff. The mentor program will be formalised in the next financial year.

Employee Assistance Program

The Employee Assistance Program was introduced to the Parliament in 1995 and provides counselling services to all staff of the Parliament. The current provider, Davidson Trahaire Corpsych, provides independent confidential counselling to assist staff on matters including stress, conflict career matters and non-work related concerns. In addition, managers

are able to access expert advice on dealing with people management issues. In the 2004/05 financial year, 7 Legislative Council staff accessed the Employee Assistance Program.

To provide additional assistance and support for employees, in early 2005 the Department organised for Davidson Trahaire Corpsych to conduct seminars, including 'How to Beat the Blues' and 'Building Better Personal Relationships' for staff of the Parliament.

Staff code of conduct review

The staff of Corporate Support collaborated with Legislative Assembly human resources staff to review and update the Staff Code of Conduct, which was initially introduced in May 2004. A key change was the introduction of the notion of respect in the workplace into the code, and a reference to the new anti-bullying policy. The Principal Council Officer – HR Operations and the Principal Council Officer – HR Policy were involved in delivering corresponding Ethical Workplace Training developed in the first half of 2005.

Policy development

Corporate Support, in line with its corporate goals for 2004/05, commenced revising and updating existing Legislative Council human resource and corporate policies to ensure currency, and to reflect the Legislative Council restructure changes. In addition, new policies were developed including policies on anti-bullying, managing poor performance and a draft policy on volunteers working for members.

Workforce planning

Corporate Support staff compile workforce profile information to provide indicators of current and future planning requirements, in terms of equal employment opportunity, and the growing concern over implications of an ageing workforce. A range of workforce profile information is also supplied to Premier's Department for public sector-wide reporting and planning. The chart located at Appendix 3 shows the current profile of staff of the Department.

Members' Services

Corporate Support provides services to members in relation to facilities and equipment and is responsible for the administration of the system of members' parliamentary entitlements.

Members entitlements are provided for the *Parliamentary Remuneration Act 1989*. The Act also sets the basic salary for members and any additional salary payable as a result of a member being a recognised office holder. The Act requires that the Parliamentary Remuneration Tribunal (PRT) must make an annual determination as to additional entitlements.

The functions of the Tribunal are to make determinations of additional entitlements that are to be available to a member or recognised office holder and approve proposed amendments to the *Parliamentary Contributory Superannuation Act 1971*. The majority of entitlements are, therefore, provided by the annual determination which also sets out the guidelines for the use, receipt and accounting of this expenditure.

The Tribunal provides a series of additional entitlements that are paid either as allowances (Electoral allowance, Sydney allowance and Committee allowance) or as fixed allocations (electorate to Sydney travel, Logistic Support Allocation, equipment services and facilities.)

The current system of entitlements has been in place since 31 December 2000 and is designed to give members more flexibility in determining the use of their entitlements. To provide greater transparency and accountability, members and the parliamentary administration are now required to comply with certain terms and conditions that were not features of previous entitlements schemes. Members' Services has over time developed administrative systems and processes to administer these entitlements. These are designed to assist members and the Parliament to comply with the conditions of the PRT, meet the increased standards of accountability and, ultimately, satisfy audit requirements. These systems are modified each year following the PRT's annual determination.

The Logistic Support Allocation (LSA) is a primary entitlement provided by the PRT's determination

to fund members' parliamentary duties. This is a global budget with four nominal categories:

- communication – electronic
- communication – non electronic
- transport (other than electorate to Sydney)
- printing, stationery and office supplies.

For those members whose principal place of residence is in a non-metropolitan electorate, the PRT's determination provides the Electorate to Sydney travel allocation and the Sydney Allowance to facilitate the members' attendance in Sydney for parliamentary duties.

The nature of the entitlements system and the associated administrative requirements with members having to authorise all expenditure, means that members are required to submit separate applications for payment/reimbursement of sometimes very small amounts. Approximately 500 applications for payment/reimbursement are made each month under the current system. In the reporting period approximately 6,000 claims were assessed and processed. During 2004/05, LSA expenditure for members of the Legislative Council totalled \$622,778.

Of the 6,000 applications most included multiple items, that require separate consideration. Each of the applications received was assessed in accordance with the guidelines and conditions in the determination of the PRT, Parliament's administrative guidelines and any other applicable regulatory or statutory requirements from authorities such as the Australian Tax Office and the Audit Office of NSW.

Corporate Support's service guarantee provides that correct and substantiated applications will be assessed, processed and approved within two working days. Of the applications received approximately 80% were submitted correctly with all relevant paperwork and processed according to the service guarantee. The remaining 20% required various levels of consultation with members' offices to obtain information and documentation essential to assessing the application. Designated senior officers consult directly with members to resolve complex queries that arise from applications.

Corporate Support staff seek to work closely with members' offices to establish a high level of co-operation and ensure that processes implemented are efficient and effective.

Members' Entitlement System (MES)

The Members' Entitlements System (MES) is a computer database that assists in the processing of applications against members' entitlements. In 2004/05 MES continued as a joint project between the Department of the Legislative Council, Information Technology Services and the Office of the Financial Controller. A major achievement was the interfacing of MES with the Parliament's accounting system (SAP) to streamline the processing and payment of applications. Within MES, each module is designed to process a particular type of entitlement. The development of MES has improved the efficiency of processing as the parameters of each module have been designed to monitor any relevant allocations or allowances, prevent duplicate entries being made and provide an audit trail for entries which have to be reversed or cancelled. Once developed each module was extensively tested by the end users. All modules have been linked to allow for the cross referencing of entitlements, replacing the internal audit processes which previously had been conducted manually. The system is continuing to be developed with the aim that all entitlements will be entered into the system.

Annual Audit

All additional entitlements are the subject of an external audit conducted by the Auditor General of NSW. The Audit Office sees that it is the responsibility of members to show that the expenditure or any claim for reimbursement relates to parliamentary duties. It is the responsibility of the Parliament to ensure that the additional entitlements paid to members comply with the PRT's determination. After the audit is completed, the Auditor-General writes to the Parliament identifying issues that need to be addressed. The audit is a key performance indicator for Members' Services. In the report to Parliament, the only issue identified for the Legislative Council was in regard to the late submissions of applications. The Auditor's recommendation for improvement has been implemented and the issue is monitored on an ongoing basis.

Equipment

As a part of the standard issue of equipment, members receive a mobile phone. The biannual replacement of phones occurred within this reporting period. Members were offered a digital phone or a CDMA phone option was provided for country members.

President's Technology Advisory Group (PTAG)

PTAG, consisting of Members, senior Corporate Support and Parliamentary Information Technology Services (ITS) staff, has the following terms of reference:

- ensure the needs of members are continuing to be met with respect to the Parliament's computer technology
- meet, on a needs basis, to discuss computer technology related issues in the Legislative Council
- view demonstrations of new computer programs and applications
- provide a reference point for other members and their staff with respect to the Parliamentary Information Technology Services developments and issues.

Although PTAG's terms of reference, as originally adopted, are specific in terms of 'computer' technology, programs and applications, the issues considered by the group are now somewhat wider and address various other aspects of information technology.

At the beginning of the reporting period, PTAG conducted a survey of members to establish their technology requirements. The main issue raised was the provision of new technologies such as Blackberry, a wireless device which provides access to a wide range of corporate information such as email, diaries and contacts, and access to the Internet. On the recommendation of PTAG different Blackberry models were trialled. Following the successful outcome of this trial, the Parliament was committed to implement Blackberry technology. Access from home offices to Parliament via broadband was also an important issue for members and, as a result, ITS has undertaken to tender for a service provider.

Training and policy development

Three formal seminars concerning members' entitlements were held during the reporting period. One of the catalysts for the seminars for members' staff was the recommendations made in the Independent Commission Against Corruption's *Report on the investigation into the conduct of the Hon Malcolm Jones MLC*. The seminar conducted for staff working in members' offices addressed the legislative framework of members' entitlements, the entitlements available and the guidelines which govern their use. Two seminars were held for new members, the first covered the broad framework and guidelines related to members' entitlements and the second seminar focused on the members' code of conduct and its inter-relationship with the *Independent Commission Against Corruption Act 1988*.

In April the Department reported to the Independent Commission Against Corruption that the recommendations made in its *Report on the investigation into the conduct of the Hon Malcolm Jones MLC* had been implemented or were about to be implemented.

Corporate Planning

During 2004/05 Corporate Support staff made a significant contribution to a number of Parliament-wide corporate governance projects. These include: the development of the Parliament's first Results and Services Plan, the development of the Parliament's Total Asset management Plan, and the implementation of recommendations from an independent audit of the Parliament's occupational health and safety and risk management processes, commissioned by the Parliament's internal audit committee.

Results and Services Plan (RSP)

Under the Government's financial management framework agencies are required to submit to Treasury a Results and Services Plan (RSP). Treasury describes an RSP as "a high-level service delivery plan which assists each agency demonstrate the relationship between the services it delivers and the results it is working towards." Importantly, Treasury also notes that "... the agreed RSP is a funding plan

which links agency funding with the achievement of Government priorities." The completion of the Parliament's first RSP was a major undertaking, involving Corporate Support staff working closely with senior officers from the Department of the Legislative Assembly and the Financial Controller, identifying outputs and outcomes.

Total Asset Management Plan (TAM)

In 2004, NSW Treasury released modifications to the requirements for Total Asset Management Plans. Like RSPs, agencies are required to submit TAMs annually and they are an integral part of the budget process. Under the new requirements, the Parliament is required to provide more detailed information to Treasury, aligning asset management planning and reporting with corporate plans and the RSP. Corporate Support staff contributed to the collection of information on the Parliament's asset portfolio, current and future service requirements, risks and risk management strategies and performance measures. A major objective of the Parliament during the TAM process has been to address the critical need for an enhancement of the funds available for the maintenance of Parliament House, including the heritage features of the building.

Parliament-wide corporate management

Two further Parliament-wide corporate governance projects were commenced during 2004/05. One of these projects involves the establishment of a new framework for strategic planning across the Parliament. A related project is the automation of internal corporate reporting by departments and sections. These projects will be progressed during the next reporting period and reported on in the next annual report.

OHS Audit

Since 2003 the Parliament's internal audit committee has commissioned Deloitte Touche Tohmatsu (Deloitte) to conduct a range of internal audits. In November 2004, Deloitte reported on internal audits into the Parliament's occupational health and safety, and risk management systems. Corporate Support staff have worked closely with senior staff from the Department of the Legislative Assembly and joint services to implement the recommendations in these reports.

The implementation of the recommendations in these reports will be completed during the next reporting period and reported on in the next annual report.

Liquor Licence

The Liquor Amendment (Parliamentary Precincts) Act 2004 removed Parliament's exemption from the *Liquor Act 1982* and made provision for a Governor's licence to be issued for the parliamentary precincts. During 2004/05 staff of the Department worked with officers from the Department of Gaming and Racing, together with staff from other areas of the Parliament, on the development of appropriate licence conditions, to enable the Governor's licence to be issued. A range of issues needed to be addressed in developing the licence conditions and preparing for the introduction of the licence, including appropriate policies and protocols for the booking of functions and ordering of liquor, signage and refresher training in the Responsible Service of Alcohol and developing information and briefings for members and staff. The implementation of the licence will be reported on in next year's annual report.



LEGISLATIVE COUNCIL

Financial commentary

The Legislature

The New South Wales Legislature (the Parliament) as a whole continues to operate within significant budgetary constraints. Some of the factors impacting upon the budget are common to other public sector agencies, particularly smaller agencies, for example, greater than projected public sector pay increases and increasing service demands in areas such as information technology. However, other factors are unique to the Parliament, including:

- ageing of the Parliament House building and the escalating cost of building maintenance
- increasing security requirements resulting from the changed security environment, and the place of the Parliament as part of the State's critical infrastructure in relation to the system of government
- exaggerated effect on the Parliament of global savings targets set by Treasury, where a large proportion of the budget consists of 'protected items', such as Members' salaries, and entitlements set by the Parliamentary Remuneration Tribunal.

There is a critical need for the provision of additional funds to ensure the proper maintenance of Parliament House as a safe and functional workplace, as well as maintaining the building as an important site of the state's cultural heritage. The Parliament's Strategic Asset Maintenance Plan forecasts a need for increasing expenditure on building maintenance of \$578,624 per year, until such time as a major refurbishment takes place. The Parliament requires additional funding of \$1.1 million for asset acquisition.

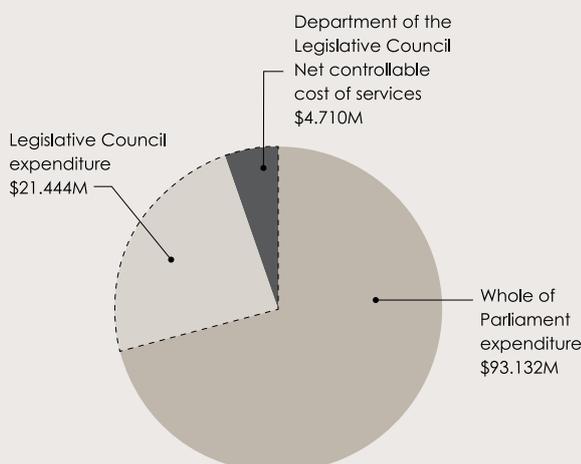
Another factor impacting upon the Parliament's financial position for 2004/05 was a shortfall in projected revenue from commercial, outside functions in the Parliamentary Dining Rooms. At the end of the reporting period a number of initiatives were under way to turn around this situation, and revenue is expected to increase in 2005/06.

Department of the Legislative Council

The budget papers provide for a single program 1.1.1 for the Legislative Council. For internal financial management purposes, this is divided into four cost centres: Parliamentary Representation – Legislative Council; operation of the Legislative Council; Legislative Council Committees; and Other Services – LC. Unaudited financial statements for 2004/05 and projections of estimated expenditure for 2005/06 for each of these cost centres are included in this report at the end of the audited financial statement for the whole of the Parliament.

Excluding the cost centre 'Parliamentary Representation – Legislative Council', which primarily consists of members' salaries and entitlements and the salaries of members' staff, the internal budget allocation for the Department of the Legislative Council (Operations of the Legislative Council, Legislative Council Committees and Other Services – LC), expressed as the net controllable cost of services, was \$4.617 m, with total expenditure during 2004/05 totalling \$4.710 m. The estimated net controllable cost of services for 2005/06 is \$ 4.994 m.

The Department of the Legislative Council's Expenditure as a Proportion of Whole of Parliament Expenditure





GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

THE LEGISLATURE

To Members of the New South Wales Parliament

Audit Opinion

In my opinion the financial report of The Legislature presents fairly The Legislature's financial position as at 30 June 2005 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

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

The Clerks' Role

The financial report is the responsibility of the Clerk of the Legislative Assembly and the Clerk of the Parliaments of The Legislature. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows, the program statement - expenses and revenues, the summary of compliance with financial directives and the accompanying notes.

The Auditor's Role and the Audit Scope

I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the Clerks in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the Clerks had not fulfilled their reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of The Legislature,
- that the Legislature has carried out its activities effectively, efficiently and economically,
- about the effectiveness of its internal controls, or
- on the assumptions used in formulating the budget figures disclosed in the financial report.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- 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 are not compromised in their role by the possibility of losing clients or income.



R. J. Sendt
Auditor-General

SYDNEY
14 November 2005

RUSSELL D. GROVE
CLERK OF THE LEGISLATIVE ASSEMBLY



JOHN EVANS
CLERK OF THE PARLIAMENTS

NEW SOUTH WALES
PARLIAMENT

10 November 2005

File ref: A700

THE LEGISLATURE

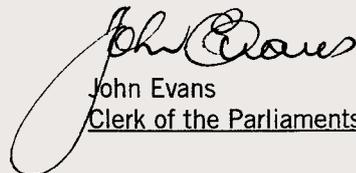
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2005

Statement by Department Heads

We state that:

- a. the accompanying financial statements have been prepared on an accrual basis in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the Urgent Issues Group Consensus Views and the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies;
- b. the statements exhibit a true and fair view of the financial position and transactions of The Legislature; and
- c. there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.


Russell D. Grove
Clerk of the Legislative Assembly


John Evans
Clerk of the Parliaments

Telephone (02) 9230 2222
Facsimile (02) 9230 2333
russell.grove@parliament.nsw.gov.au

Parliament House
Macquarie Street, Sydney
NSW 2000 Australia

Telephone (02) 9230 2321
Facsimile (02) 9230 2761
johnevans@parliament.nsw.gov.au

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Statement of Financial Performance for the Year Ended 30 June 2005

	Notes	Actual 2005 \$000	Budget 2005 \$000	Actual 2004 \$000
Expenses				
Operating expenses				
Employee related	2(a)	44,950	43,032	43,291
Other operating expenses	2(b)	21,482	20,582	21,397
Maintenance	2(c)	2,250	610	1,866
Depreciation and amortisation	2(d)	4,838	5,639	5,230
Other expenses	2(e)	35,845	33,978	33,543
Total Expenses		109,365	103,841	105,327
Less:				
Retained Revenue				
Sale of goods and services	3(a)	4,111	4,520	4,592
Investment income	3(b)	94	30	46
Grants and contributions	3(c)	1,871	-	1,179
Other revenue	3(d)	10,167	270	16,054
Total Retained Revenue		16,243	4,820	21,871
Gain / (loss) on disposal of non-current assets	4	(10)	-	(110)
Net Cost of Services	19	93,132	99,021	83,566
Government Contributions				
Recurrent appropriation	5	82,689	80,760	81,031
Capital appropriation	5	2,280	2,244	3,459
Acceptance by the Crown Entity of employee benefits and other liabilities	6	13,823	13,323	13,049
Total Government Contributions		98,792	96,327	97,539
SURPLUS (DEFICIT) FOR THE YEAR FROM ORDINARY ACTIVITIES		5,660	(2,694)	13,973
Non-owner transaction changes in equity				
Net increase in asset revaluation reserve		8,118	-	5,512
Total revenues, expenses and valuation adjustments recognised directly in equity	15	8,118	-	5,512
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS	15	13,778	(2,694)	19,485

The accompanying notes form part of these statements.

THE LEGISLATURE

Statement of Financial Position as at 30 June 2005

	Notes	Actual 2005 \$000	Budget 2005 \$000	Actual 2004 \$000
ASSETS				
Current Assets				
Cash	8	2,408	2,392	1,735
Receivables	9	1,051	1,190	1,240
Inventories	10	285	357	357
Other	11	428	389	389
Total Current Assets		4,172	4,328	3,721
Non-Current Assets				
Property, Plant and Equipment	12			
– Land and Buildings		131,604	114,253	115,297
– Plant and Equipment		10,529	10,947	13,298
– Collection Assets		34,345	33,739	33,739
Total Property, Plant and Equipment		176,478	158,939	162,334
Other	11	-	1	153
Total Non-Current Assets		176,478	158,940	162,487
Total Assets		180,650	163,268	166,208
LIABILITIES				
Current Liabilities				
Payables	13	4,244	3,696	4,042
Provisions	14(a)	3,774	3,494	3,394
Total Current Liabilities		8,018	7,190	7,436
Non-Current Liabilities				
Provisions	14(b)	677	595	595
Total Non-Current Liabilities		677	595	595
Total Liabilities		8,695	7,785	8,031
Net Assets		171,955	155,483	158,177
EQUITY				
Reserves	15			
1 (i)		24,797	16,679	16,679
Accumulated Funds		147,158	138,804	141,498
Total Equity		171,955	155,483	158,177

The accompanying notes form part of these statements.

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Statement of Cash Flows for the Year Ended 30 June 2005

	Notes	Actual 2005 \$000	Budget 2005 \$000	Actual 2004 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(41,664)	(40,716)	(40,879)
Other		(50,058)	(46,374)	(48,979)
Total Payments		(91,722)	(87,090)	(89,858)
Receipts				
Sale of goods and services		4,607	4,520	5,508
Interest received		58	30	52
Other		2,515	270	2,126
Total Receipts		7,180	4,820	7,686
Cash Flows From Government				
Recurrent appropriation		82,694	80,760	81,031
Capital appropriation		2,280	2,244	3,459
Cash reimbursements from the Crown Entity		2,319	2,167	2,036
Net Cash Flows From Government		87,293	85,171	86,526
NET CASH FLOWS FROM OPERATING ACTIVITIES	19	2,751	2,901	4,354
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property, plant and equipment		1	-	5
Purchases of property, plant and equipment		(2,079)	(2,244)	(3,306)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(2,078)	(2,244)	(3,301)
NET INCREASE / (DECREASE) IN CASH		673	657	1,053
Opening cash and cash equivalents		1,735	1,735	682
CLOSING CASH AND CASH EQUIVALENTS	8	2,408	2,392	1,735

The accompanying notes form part of these statements.

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Program Statement – Expenses and Revenues for the year ended 30 June 2005

	Program 1.1.1* Legislative Council		Program 1.1.2* Legislative Assembly		Program 1.2.1* Joint Services		Not Attributable		Total	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000	2005 \$000	2004 \$000	2005 \$000	2004 \$000	2005 \$000	2004 \$000
THE LEGISLATURE'S EXPENSES & REVENUES										
Expenses										
Operating expenses										
Employee related	8,095	7,726	20,865	19,974	15,990	15,591	-	-	44,950	43,291
Other operating expenses	2,574	2,212	14,693	14,564	4,215	4,621	-	-	21,482	21,397
Maintenance	16	3	180	198	2,054	1,665	-	-	2,250	1,866
Depreciation and amortisation	368	250	1,822	2,028	2,648	2,952	-	-	4,838	5,230
Other expenses	10,836	10,514	23,996	23,029	1,013	-	-	-	35,845	33,543
Total Expenses	21,889	20,705	61,556	59,793	25,920	24,829	-	-	109,365	105,327
Retained Revenue										
Sale of goods and services	393	383	393	449	3,325	3,760	-	-	4,111	4,592
Investment income	-	-	-	-	94	46	-	-	94	46
Grants and contributions	-	-	-	-	1,871	1,179	-	-	1,871	1,179
Other revenue	52	97	135	242	9,980	15,715	-	-	10,167	16,054
Total Retained Revenue	445	480	528	691	15,270	20,700	-	-	16,243	21,871
Gain / (loss) on disposal of non-current assets	-	0	-	(35)	(10)	(75)	-	-	(10)	(110)
NET COST OF SERVICES	21,444	20,225	61,028	59,137	10,660	4,204	-	-	93,132	83,566
Government contributions**	-	-	-	-	-	-	98,792	97,539	98,792	97,539
NET EXPENDITURE/(REVENUE) FOR THE YEAR	21,444	20,225	61,028	59,137	10,660	4,204	(98,792)	(97,539)	(5,660)	(13,973)

* The name and purpose of each program is summarised in note 7.

** Appropriations are made on an agency basis and not to individual programs. Consequently, government contributions must be included in the "not attributable" column.

THE LEGISLATURE

Summary of compliance with financial directives

	2005				2004			
	Recurrent Appropriation	Expenditure/ Net Claim on Consolidated Fund	Capital Appropriation	Expenditure/ Net Claim on Consolidated Fund	Recurrent Appropriation	Expenditure/ Net Claim on Consolidated Fund	Capital Appropriation	Expenditure/ Net Claim on Consolidated Fund
ORIGINAL BUDGET APPROPRIATION/EXPENDITURE								
Appropriation Act	80,760	80,760	2,244	2,244	79,210	79,210	2,650	2,650
Additional Appropriations								
s21A PF&AA – special appropriation	-	-	-	-	-	-	-	-
s24 PF&AA – transfers of functions between departments	-	-	-	-	-	-	-	-
s26 PF&AA – Commonwealth specific purpose payments	-	-	-	-	-	-	-	-
	80,760	80,760	2,244	2,244	79,210	79,210	2,650	2,650
OTHER APPROPRIATIONS / EXPENDITURE								
Treasurer's Advance	1,934	1,929	682	36	1,821	1,821	809	809
Section 22 – expenditure for certain works and services	-	-	-	-	-	-	-	-
Transfers from another agency (s25 – Appropriation Act)	-	-	-	-	-	-	-	-
	1,934	1,929	682	36	1,821	1,821	809	809
Total Appropriations/Expenditure/Net Claim on Consolidated Fund (includes transfer payments)	82,694	82,689	2,926	2,280	81,031	81,031	3,459	3,459
Amount drawn down against Appropriation		82,694		2,280		81,031		3,459
Liability to Consolidated Fund		5		-		-		-

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

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 House Committee, under the joint direction and control of the President of the Legislative Council and the Speaker of the Legislative Assembly. It includes all the functions of parliamentary representation undertaken by the Council and the Assembly, and their various supporting Departments and Sections. The House Committee provides food and beverage services for Members of Parliament, their guests and staff. It also caters for functions held at Parliament House.

The reporting entity is consolidated as part of the NSW Total State Sector.

(b) Basis of Accounting

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

- Applicable Australian Accounting Standards (AAS)
- Other authoritative pronouncements of the Australian Accounting Standards Board (AASB)
- Urgent Issues Group (UIG) Consensus Views
- The requirements of the Public Finance and Audit Act 1983 and Regulations, and
- The Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under Section 9(2)(n) of the Act

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

In the absence of a specific accounting standard, other authoritative pronouncements of the AASB or UIG Consensus View, the hierarchy of other pronouncements as outlined in AAS 6 "Accounting Policies" is considered.

Except for land, collections and certain building and plant assets which are recorded at valuation, the financial statements are prepared in accordance with the historical cost convention.

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

Comparative information is reclassified where appropriate to enhance comparability

(c) Revenue Recognition

Revenue is recognised when The Legislature has control of the good or right to receive, it is probable that the economic benefits will flow to The Legislature and the amount of revenue can be reliably measured. Additional comments regarding the accounting policies for the recognition of revenue are discussed below:

(i) Parliamentary Appropriations and Contributions from Other Bodies

Parliamentary Appropriations and contributions from other bodies (including grants and donations) are recognised as revenues 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.

An exception to the above is when appropriations are unspent at year end. In this case, the authority to spend the money lapses and generally the unspent amount must be repaid to the Consolidated Fund in the following financial year. As a result, unspent appropriations are accounted for as liabilities rather than revenue.

Maintenance work on Parliament House undertaken and paid for by the Department of Commerce has been recognised as revenue with the corresponding expenditure reflected in maintenance costs. (Refer notes 2(c) and 3(c)).

(ii) Sales of Goods and Services

Revenue from the sale of goods and services comprises revenue from the provision of products or services, ie. user charges. User charges are recognised as revenue when The Legislature obtains control of the assets that result from them.

(iii) Investment Income

Interest revenue is recognised as it accrues. Rent revenue is recognised in accordance with AAS 17 Accounting for Leases.

(iv) Other Revenue

Those items classified as other revenue are recognised as revenue according to the most applicable policy listed above, having regard for the type of revenue received.

(d) Employee Benefits and other provisions

- (i) Salaries and Wages, Annual Leave, Sick Leave and On-Costs

Liabilities for salaries and wages and annual leave are recognised and measured in respect of employees' services up to the reporting date at nominal amounts based on the amounts expected to be paid when the liabilities are settled.

Sick leave entitlements for The Legislature's employees are non-vesting. 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.

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

- (ii) Long Service Leave and Superannuation

The Legislature's liabilities for long service leave and 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 Entitlements and other Liabilities".

Long service leave is measured on a present value basis. The present value method is based on the remuneration rates at year end for all employees with five or more years of service.

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 (ie, Basic Benefit and First State Super) is calculated as a percentage of employees' salaries. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(e) Insurance

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

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

Revenue, expenses and assets are recognised as net of the amount of GST except for the following:

- 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.

(g) Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by The Legislature. Cost is determined as the fair value of the assets given as consideration plus the costs incidental to the acquisition.

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

Fair value means the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable willing seller in an arm's length transaction.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value at the acquisition date. The discount rate used is the incremental borrowing rate, being the rate at which a similar borrowing could be obtained.

(h) Plant and Equipment

Plant and equipment costing \$5,000 and above individually are capitalised.

(i) Revaluation of Physical Non-Current Assets

Buildings plus plant and equipment are valued in accordance with the "Guidelines for the Valuation of Physical Non-Current Assets at Fair Value" (TPP 03-02). This policy adopts fair value in accordance with AASB 1041 from financial years beginning on or after 1 July 2002. There is no substantive difference between the fair value methodology and the previous valuation

methodology adopted in the NSW Public Sector. Where available, fair value is determined having regard to the highest and best use of the asset on the basis of current market selling prices for the same or similar assets. Where the market selling price is not available, the assets fair value is measured as its market buying price i.e. the replacement cost of the assets' remaining future economic benefits. The Legislature is a not for profit entity with no cash generating operations.

Collection assets are valued based on the estimated written down replacement cost of the most appropriate modern equivalent replacement facility having a similar service potential to the existing asset.

Land is valued on an existing use basis, subject to any restrictions or enhancements since acquisition. Office and computer equipment

which have short useful lives, are measured at depreciated historical cost, as a surrogate for fair value.

The leasehold expense of Members' electorate offices is valued at cost and amortised over the term of the lease for the relevant electorate office.

Each class of physical non-current assets is revalued every 5 years, and 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. As a result of the size and nature of The Legislature's assets this revaluation is conducted over a five year period. In intervening years valuations are reviewed and adjusted to reflect fair value at year end. The last such revaluation based on an independent assessment for each class of asset was:

Land	30 June 2005	Derek Hill Property Valuer & Consultant
Buildings	30 June 2005	HP Consultants Pty Ltd
Plant & Equipment (Building Technical Services Assets)	30 June 2005	HP Consultants Pty Ltd
Collection Assets:		
Library Collection	30 June 2005	Simon Storey Valuers
Archives Collection	30 June 2005	Simon Storey Valuers
Antiques	30 June 2005	Simon Storey Valuers
Artworks	30 June 2005	Art Gallery of NSW

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation is separately restated.

Otherwise, any balances of accumulated depreciation existing 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.

The recoverable amount test has not been applied as The Legislature is a not for profit entity whose assets' service potential is not related to the ability to generate net cash inflows.

Revaluation increments are credited directly to the asset revaluation reserve, 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 surplus/deficit for the year, the increment is recognised immediately as revenue in the surplus/deficit.

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

Revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

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

(j) Depreciation and Amortisation

Except for archive, antique, artwork and rare book collection assets, depreciation or amortisation is provided for on a straight line basis for all depreciable or amortisable assets, so as to write off the depreciable amount of the asset as it is consumed over its useful life to The Legislature. Land is not a depreciable asset.

All material separately identifiable component assets are recognised and depreciated over their shorter useful lives, including those components that in effect represent major periodic maintenance.

Depreciation rates used for the various categories of assets range between:

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 Monograph Collection	5 percent

Leasehold building fit-out costs are amortised over the life of the respective leases. This amortisation rate ranges between 10 and 50 percent.

(k) Maintenance and Repairs

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

(l) Leased Assets

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

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

Operating lease payments are charged to the Statement of Financial Performance in the periods in which they are incurred.

All leases to which The Legislature is a party are operating leases.

(m) Receivables

Receivables are recognised and carried at cost, based on the original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(n) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is calculated using the weighted average cost method.

(o) Other Assets

Other assets including pre-payments are recognised on a cost basis.

(p) Payables

These amounts represent liabilities for goods and services provided to The Legislature and other amounts, including interest. Interest is accrued over the period it becomes due.

(q) Budgeted Amounts

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year and with any adjustments for the effects of additional appropriations, s21A, s24 and/or s26 of the Public Finance and Audit Act 1983.

The budgeted amounts in the Statement of Financial Performance and the Statement of Cash Flows are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the Statement of Financial Position, the amounts vary from the Budget Papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts, ie per the audited financial statements (rather than carried forward estimates).

2. EXPENSES

(a) Employee Related Expenses

	2005	2004
	\$000	\$000
Salaries and wages (including recreation leave)	35,740	34,047
Superannuation entitlements	3,600	3,351
Payroll tax and fringe benefits tax	2,522	2,448
Long service leave	1,446	1,261
Redundancy payments	144	814
Workers compensation insurance	476	517
Other	1,022	853
	44,950	43,291

(b) Other Operating Expenses

	2005	2004
	\$000	\$000
Printing and stationery	5,038	4,997
Operating Lease Rental Expense-Minimum Lease Payments	4,012	3,739
Telecommunication costs	1,340	2,034
Travel expenses	1,808	1,710
Cost of Sales – House Committee	1,447	1,683
Computer costs	2,010	1,234
Stores	687	1,065
Postage and state mail charges	768	777
Miscellaneous	1,419	1,376
Gas and electricity charges	1,032	974
Cleaning and laundry	492	477
Contract and other fees	706	512
Consultancy fees	93	159
Insurance	423	414
Legal expenses	102	146
External Auditor's remuneration		
– Audit of the financial reports	50	47
– Audit of Members' additional entitlements under Parliamentary Remuneration Tribunal Determination	55	53
	21,482	21,397

(c) Maintenance	2005 \$000	2004 \$000
Maintenance undertaken by Department of Commerce	1,717	1,179
Repairs and routine maintenance	363	495
Maintenance on Legislative Assembly electorate offices	170	192
	2,250	1,866
(d) Depreciation and Amortisation expense		
Depreciation on buildings	1,058	1,036
Depreciation on plant and equipment	2,870	3,313
Amortisation of leasehold costs	811	881
Depreciation on Collection Assets	99	-
	4,838	5,230
(e) Other Expenses	2005 \$000	2004 \$000
Salaries and allowances of Members of Parliament	24,332	23,481
Superannuation entitlements – Members	8,076	7,776
Payroll tax & fringe benefits tax – Members' entitlements	1,574	1,592
Payroll tax liability – Members' superannuation	485	467
Decrement on revaluation of assets	1,013	-
Special Projects	365	227
	35,845	33,543

3. REVENUES

(a) Sale of Goods and Services

	2005	2004
	\$000	\$000
<u>Sale of Goods</u>		
House Committee sales of food and beverages	2,193	2,417
Energy recoup from Sydney Hospital and State Library	537	497
Sale of publications	45	56
	2,775	2,970

Rendering of Services

Rent on Parliament House ministerial offices	784	771
House Committee functions	370	606
Miscellaneous	182	215
Parliamentary committee seminars	-	30
	1,336	1,622
	4,111	4,592

(b) Investment Income

Interest on operating accounts	94	46
	94	46

(c) Grants and Contributions

Sesquicentenary of Responsible Government	112	-
Legal Deposit Scheme	42	-
Department of Commerce maintenance work	1,717	1,179
	1,871	1,179

(d) Other Revenue

Increment from asset valuation offsetting prior decrement	9,135	-
Collection assets recognised for the first time	706	15,640
Miscellaneous	326	380
Telecommunications rebate	-	34
	10,167	16,054

During the process of revaluing the Parliament's Antique and Artwork Collection Assets additional collection items were identified which have now been brought to account (refer also note 12).

4. GAIN/(LOSS) ON SALE OF NON-CURRENT ASSETS

	2005	2004
	\$000	\$000
Gain/Loss on Sale of Assets		
Proceeds from Sale	1	5
Written down value of assets disposed	(11)	(115)
Net gain/(loss) on disposal of assets	(10)	(110)

5. APPROPRIATIONS

	2005	2004
	\$000	\$000
Recurrent Appropriations		
Total recurrent drawdowns from Treasury (per Summary of Compliance)	82,694	81,031
Less: Liability to Consolidated Fund (per Summary of Compliance)	5	-
	82,689	81,031
Comprising:		
Recurrent Appropriations (per Statement of Financial Performance)	82,689	81,031
Capital Appropriations		
Total capital drawdowns from Treasury (per Summary of Compliance)	2,280	3,459
Less: Liability to Consolidated Fund (per Summary of Compliance)	-	-
	2,280	3,459
Comprising:		
Capital Appropriations (per Statement of Financial Performance)	2,280	3,459

6. ACCEPTANCE BY THE CROWN ENTITY OF EMPLOYEE BENEFITS AND OTHER LIABILITIES

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

	2005 \$000	2004 \$000
Employees		
Superannuation	3,600	3,351
Long service leave	1,446	1,261
Payroll tax on superannuation	216	195
	5,262	4,807
Members		
Superannuation	8,076	7,776
Payroll tax on superannuation	485	466
	8,561	8,242
	13,823	13,049

7. PROGRAMS/ACTIVITIES OF THE LEGISLATURE

Program 1.1.1

Parliamentary Government – Legislative Council

Objective:

To represent the people of New South Wales in the Upper House. To support the functions of the Legislative Council and its forty-two Members.

Activities:

- Members of the Legislative Council Representation
- Salaries and allowances of Members of the Legislative Council
- Secretarial and research services for Members of the Legislative Council
- Procedural and administrative support
- Committee advisory, research and administrative support
- Overseas delegations

Program 1.1.2

Parliamentary Government – Legislative Assembly

Objective:

To represent the ninety-three electorates throughout New South Wales and support the functions of the Legislative Assembly.

Activities:

- Members of the Legislative Assembly Representation
- Salaries and allowances of Members of the Legislative Assembly
- Secretarial and research services for Members of Parliament
- Procedural and administrative support
- Committee advisory, research and administrative support
- Commonwealth Parliamentary Association
- Overseas delegations

Program 1.2.1**Parliamentary Support Services – Joint Services**

Objective: To provide support services to both Houses of Parliament.

Activities:

- Accounting and financial services
- Archival services
- Building services
- Catering services
- Education and community relations
- Hansard
- Information technology services
- Library services
- Printing services
- Security services

8. CURRENT ASSETS – CASH

For the purposes of the Statement of Cash Flows, cash includes cash on hand and cash at bank. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2005	2004
	\$000	\$000
Cash at Bank and on hand	2,408	1,735
	2,408	1,735

The Legislature has the following banking facilities as at 30 June 2005:

- 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 \$295,000, which is the total credit limit for all issued credit cards.

The approval under the Public Authorities (Financial Arrangements) Act 1987 (PAFA Act) for financial accommodation is lower than the MasterCard banking facility limit as at 30 June 2005. NSW Treasury approval has subsequently been sought to ensure full compliance with the PAFA Act.

9. CURRENT ASSETS – RECEIVABLES

	2005	2004
	\$000	\$000
Sales of goods and services	420	427
Less: Provision for doubtful debts	1	4
	419	423
G.S.T. recoverable from A.T.O.	448	614
Other debtors	128	183
Investment Income	56	20
	1,051	1,240

10. CURRENT ASSETS – INVENTORIES

	2005	2004
	\$000	\$000
Food and beverage stock at cost	285	291
Books at cost	-	66
	285	357

11. OTHER ASSETS

	2005	2004
	\$000	\$000
Current:		
Prepayments	405	369
Travel Advances	23	20
	428	389
Non-Current		
Prepayments	-	153
	-	153

12. NON-CURRENT ASSETS – PROPERTY, PLANT & EQUIPMENT

	2005	2004
	\$000	\$000
Land and Buildings		
Land at Valuation	59,125	56,120
Buildings at Valuation	120,298	82,943
Accumulated Depreciation	49,517	25,519
	70,781	57,424
Buildings – Leasehold Improvements at Cost	6,793	6,143
Accumulated Depreciation	5,095	4,390
	1,698	1,753
Total Land and Buildings	131,604	115,297
Plant and Equipment		
Building Services at Valuation	24,746	27,495
Accumulated Depreciation	19,403	20,509
	5,343	6,986
Other Plant and Equipment at Cost	13,888	15,930
Accumulated Depreciation	8,702	9,618
	5,186	6,312
Total Plant and Equipment	10,529	13,298
Collection Assets		
At Valuation	43,258	42,336
Accumulated Depreciation – Library Monographs	8,913	8,597
Total Collection Assets	34,345	33,739
Total Property Plant and Equipment at Net Book Value	176,478	162,334

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set-out below:

	Land and Buildings \$000	Plant and Equipment \$000	Collection Assets \$000	Total \$000
2005				
Carrying amount at start of year	115,297	13,298	33,739	162,334
Additions	872	1,125	50	2,047
Disposals	(106)	(3,303)	-	(3,409)
Net revaluation increments	17,304	(1,013)	(51)	16,240
Assets not previously recognised	-	-	706	706
Accumulated depreciation written back on disposal	106	3,292	-	3,398
Depreciation expense	(1,869)	(2,870)	(99)	(4,838)
Carrying amount at end of year	131,604	10,529	34,345	176,478
2004				
Carrying amount at start of year	112,542	14,225	16,810	143,577
Additions	665	2,478	31	3,174
Disposals	(148)	(3,498)	(234)	(3,880)
Net revaluation increments	4,020	-	1,492	5,512
Assets not previously recognised (refer note 3(d))	-	-	15,640	15,640
Accumulated depreciation written back on disposal	135	3,406	-	3,541
Depreciation expense	(1,917)	(3,313)	-	(5,230)
Carrying amount at end of year	115,297	13,298	33,739	162,334

13. CURRENT LIABILITIES – PAYABLES

	2005 \$000	2004 \$000
Creditors	2,796	2,850
Accrued wages, salaries, on-costs	1,448	1,192
	4,244	4,042

14. CURRENT AND NON-CURRENT LIABILITIES – PROVISIONS

(a) Current	2005 \$000	2004 \$000
Recreation leave	3,449	3,030
On-cost on employee benefits	325	364
	3,774	3,394
(b) Non-Current		
On-cost on employee benefits	677	595
	677	595
(c) Aggregate employee benefits and related on-costs:		
Provisions – Current	3,774	3,394
Provisions – Non-Current	677	595
Accrued salaries, wages and on-costs (note 13)	1,448	1,192
	5,899	5,181

The Legislature pays for rail travel benefits for the spouses/approved relatives of certain former members of Parliament. The cost of this travel is generally less than \$20,000 per annum.

15. CHANGES IN EQUITY

	Accumulated Funds		Asset Revaluation Reserve		Total Equity	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000	2005 \$000	2004 \$000
Balance at the beginning of the financial year	141,498	127,525	16,679	11,167	158,177	138,692
<u>Changes in equity – other than transactions with owners as Owners</u>						-
Surplus/(Deficit) for the year	5,660	13,973	-	-	5,660	13,973
Increment on revaluation of:						
Land and Buildings	-	-	8,169	4,020	8,169	4,020
Plant and Equipment	-	-	-	-	-	-
Collection Assets	-	-	(51)	1,492	(51)	1,492
Total	5,660	13,973	8,118	5,512	13,778	19,485
Balance at the end of the financial year	147,158	141,498	24,797	16,679	171,955	158,177

Asset Revaluation Reserve

The asset revaluation reserve 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 physical non-current assets and investments, as discussed in note 1 (i).

16. COMMITMENTS FOR EXPENDITURE

(a) Operating Lease Commitments

Future non-cancellable operating leases not provided for and payable:

	2005	2004
	\$000	\$000
Not later than one year	3,889	3,479
Later than one year but not later than 5 years	5,597	6,106
Later than 5 years	69	-
Total Lease Commitments (including GST)	9,555	9,585

The above total includes GST input tax credits of \$846,000 (\$825,000 – 2004), which will be recoverable from Australian Taxation Office (ATO).

Legislative Assembly Electorate Offices included in the above figures represent the following commitments:

Not later than one year	3,317	2,886
Later than one year but not later than 5 years	4,380	4,486
Later than 5 years	69	-
Electorate Office Lease Commitments (inc GST)	7,766	7,372

The above total includes GST input tax credits of \$686,000 (\$624,000 – 2004), which will be recoverable from the ATO

(b) Other Expenditure Commitments

Aggregate other expenditure contracted for at balance date and not provided for:

Not later than one year	134	54
Total Other Expenditure Commitments including GST	134	54

The above total for 2005 includes GST input tax credits of \$12,000 (\$5,000 – 2004) that will be recoverable from the ATO.

17. CONTINGENT ASSETS AND LIABILITIES

The Legislature currently has an independent investigation in progress concerning a number of protected disclosures involving employees of the Parliament together with a bullying complaint, which is the subject of mediation between a number of parties.

Depending on the outcome of this investigation and mediation, the estimated potential liability for the Legislature has been estimated in the range of \$90,000 to \$110,000.

18. BUDGET REVIEW**Net Cost of Services**

Net Cost of Services was \$5,889,000 less than budget due to an increment from an asset valuation which partially offset a decrement in 1999. Higher expenditures on operating expenses, maintenance and other expenses were partially offset by lower than estimated depreciation and higher income. Maintenance expenditure includes an amount of \$1,717,000, which was the value of maintenance and restoration work carried out by the Department of Commerce. The same amount was credited to the income category, grants and contributions.

Assets and Liabilities

Current assets were \$156,000 under budget due to lower than estimated receivables balances and the write-off of some inventory.

The \$17,539,000 increase in non-current assets compared with the budget was mainly attributable to revaluation increments to land and building.

Current liabilities were \$828,000 over budget due to higher than estimated creditors at year end and increases to wage and salary rates which affected current leave entitlements. Non-current liabilities (provisions for employee entitlements). were also affected by higher wages and salaries, exceeding budget by \$82,000.

Cash Flows

Net cash flows from operating activities were \$150,000 under budget with higher operating outflows offset by higher cash flows from government.

19 RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES:

	2005	2004
	\$000	\$000
Net Cash used in operating activities	2,751	4,354
Depreciation	(4,838)	(5,230)
(Increase) / decrease in provisions	(462)	(328)
(Decrease) / increase in receivables, inventories and other assets	(375)	(646)
(Increase) / decrease in creditors and other liabilities	(270)	294
Gain / (Loss) on sale of non-current assets	(10)	(110)
Library Assets acquired via Legal Deposit	41	-
Net revaluation increments	8,122	-
Collection assets recognised for the first time – refer note 3(d)	706	15,640
Long Service Leave	(1,446)	(1,261)
Superannuation	(9,357)	(9,091)
Payroll tax on superannuation	(701)	(662)
Less cash flows from government		
Capital Allocation	(2,280)	(3,459)
Recurrent Allocation	(82,694)	(81,031)
Cash reimbursements from the Crown Transactions Entity	(2,319)	(2,036)
Net Cost of Services	(93,132)	(83,566)

20. FINANCIAL INSTRUMENTS

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) 11 am unofficial cash rate adjusted for a management fee to Treasury.

At period end the deposits were earning 4.50% (4.25% in 2003/2004) while the effective interest rate during the reporting period was 4.33% (4.05% in 2003/2004).

Receivables

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 un-collectable, are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

The credit risk is the carrying amount (net of any provision for doubtful debts). As at balance date, the greatest risk was represented by receivables, totalling \$49,000 (\$14,000 in 2003/2004), which had been outstanding for more than 90 days.

Interest is charged on House Committee trade debtors after 60 days at 2% per month. No interest is charged to any other debtors.

The carrying amount approximates net fair value. House Committee sales are made on 7 or 60 day terms. Other sales are made on either 14 or 30 day terms.

Bank Overdraft

The Legislature does not have any bank overdraft facility.

Trade Creditors and Accruals

These 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 not secured) are settled in accordance with Treasurer's Direction 219.01. 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.

21. Adopting AASB 1047 Disclosure

(i) Explanation of how the transition to AIFRS is being managed

The Legislature will apply the Australian Equivalents to International Financial Reporting Standards (AIFRS) from the reporting period beginning 1 July 2005. The Legislature is a not-for-profit entity whose principal objective is not the generation of profit.

The Legislature is managing the transition to the new standards by allocating internal resources to analyse the pending standards and Urgent Issues Group Abstracts to identify key areas regarding policies, procedures, systems and financial impacts affected by the transition.

NSW Treasury is assisting agencies to manage the transition by developing policies, including mandates of options; presenting training seminars to all agencies; providing a website with up-to-date information to keep agencies informed of any new developments; and establishing an IAS Agency Reference Panel to facilitate a collaborative approach to manage the change.

(ii) Key Differences in Accounting Policies

The Legislature has determined that there are no areas where changes in accounting policies are likely to impact the financial report. To ensure consistency at the whole of government level, NSW Treasury has advised agencies of options it is likely to mandate for the NSW Public Sector. To date the only change to emerge has been under AASB 138 Intangible Assets where some computer software will be reclassified as intangible assets.

There are no changes that affect equity under existing AGAAP compared to equity under AIFRS.

(iii) Financial Instruments

In accordance with NSW Treasury's indicative measures The Legislature will apply the exemption provided in AASB 1 *First Time Adoption of Australian Equivalents to International Financial Reporting Standards* not to apply the requirements of AASB 132 *Financial Instruments: Presentation and Disclosures* and AASB 139 *Financial Instruments: Recognition and Measurement* for the financial year ended 30 June 2005. These standards will apply from 1 July 2005. None of the information provided above includes any impacts for financial instruments. However, when these standards are applied, they are likely to impact on retained earnings (on first adoption) and the amount and volatility of profit / loss. Further, the impact of these Standards will in part depend on whether the fair value option can or will be mandated consistent with Government Finance Statistics.

(iv) Grant recognition for not-for profit entities

The Legislature will apply the requirements in AASB 1004 *Contributions* regarding contributions of assets (including grants) and forgiveness of liabilities. There are no differences in the recognition requirements between the new AASB 1004 and the current AASB 1004. However, the new AASB 1004 may be amended by proposals in Exposure Draft (ED) 125 *Financial Reporting by Local Governments*. If the ED 125 approach is applied, revenue and / or expense recognition will not occur until either The Legislature supplies the related goods and services (where grants are in-substance agreements for the provision of goods and services) or until conditions are satisfied. ED 125 may therefore delay revenue recognition compared with AASB 1004, where grants are recognised when controlled. However, at this stage, the timing and dollar impact of these amendments is uncertain.

End of Audited Financial Statements

Department of the Legislative Council Unaudited Financial Statements

Department of the Legislative Council

	2004/2005 ACTUAL \$000	2004/2005 BUDGET \$000	2003/2004 ACTUAL \$000
Expenses			
Staff Salaries and Related Payments	8,094	8,337	7,726
Other Operating Expenses	2,586	2,074	2,217
Maintenance	17	0	3
Depreciation	367	263	250
Other Expenses	10,824	10,737	10,509
Total Expenses	21,888	21,411	20,705
Revenue			
Sale of Goods and Services	393	380	383
Other Revenue	51	40	97
Total Revenue	444	420	480
Gain (loss) on sale of assets	0	0	
NET COST OF SERVICES	21,444	20,991	20,225
Less:			
Depreciation	367	263	250
Long Service Leave	221	156	180
Superannuation	688	665	633
NET CONTROLLABLE COST OF SERVICES	20,168	19,907	19,162
CAPITAL WORKS EXPENDITURE	176	252	320

Estimated Expenditure and Revenue for 2005/2006:

Legislative Council

Description	\$ 000's
Salaries and related payments	8,680
Other operating expenses	2,112
Maintenance	-
Depreciation and Amortisation	349
Other Expenses	10,795
Total Expenses	21,936
Less Retained Revenue	460
Less Non-controllable items	3,466
Net Controllable Cost of Services	18,010

Parliamentary Representation – Legislative Council

	2004/2005 ACTUAL \$000	2004/2005 BUDGET \$000	2003/2004 ACTUAL \$000
Expenses			
Staff Salaries and Related Payments	3,777	4,132	3,570
Other Operating Expenses	1,614	1,176	1,230
Maintenance	15	0	1
Depreciation	215	65	76
Other Expenses	10,824	10,737	10,509
Total Expenses	16,445	16,110	15,386
Revenue			
Sale of Goods and Services	392	380	361
Other Revenue	23	40	82
Total Revenue	415	420	443
Gain (loss) on sale of assets			
NET COST OF SERVICES	16,030	15,690	14,943
Less:			
Depreciation	215	65	76
Long Service Leave	46	40	34
Superannuation	311	295	283
NET CONTROLLABLE COST OF SERVICES	15,458	15,290	14,550
CAPITAL WORKS EXPENDITURE	176	217	320

Estimated Expenditure and Revenue for 2005/2006:

Parliamentary Representation L.C.

Description	\$ 000's
Salaries and related payments	4,309
Other operating expenses	1,167
Maintenance	-
Depreciation and Amortisation	180
Other Expenses	10,795
Total Expenses	16,451
Less Retained Revenue	435
Less Non-controllable items	3,000
Net Controllable Cost of Services	13,016

Operation of the Legislative Council

	2004/2005 ACTUAL \$000	2004/2005 BUDGET \$000	2003/2004 ACTUAL \$000
Expenses			
Staff Salaries and Related Payments	2,817	2,606	2,744
Other Operating Expenses	396	289	347
Maintenance	1	0	1
Depreciation	50	80	65
Total Expenses	3,264	2,975	3,157
Revenue			
Sale of Goods and Services	1	0	8
Other Revenue	27	0	15
Total Revenue	28	0	23
Gain (loss) on sale of assets			
NET COST OF SERVICES	3,236	2,975	3,134
Less:			
Depreciation	50	80	65
Long Service Leave	167	86	106
Superannuation	219	217	211
NET CONTROLLABLE COST OF SERVICES	2,800	2,592	2,752
CAPITAL WORKS EXPENDITURE	0	20	0

Estimated Expenditure and Revenue for 2005/2006:

OPERATION of the LC

Description	\$ 000's
Salaries and related payments	2,715
Other operating expenses	283
Maintenance	-
Depreciation and Amortisation	60
Other Expenses	-
Total Expenses	3,058
Less Retained Revenue	15
Less Non-controllable items	276
Net Controllable Cost of Services	2,767

Legislative Council Committees

	2004/2005 ACTUAL \$000	2004/2005 BUDGET \$000	2003/2004 ACTUAL \$000
Expenses			
Staff Salaries and Related Payments	1,500	1,599	1,412
Other Operating Expenses	565	586	635
Maintenance	1	0	1
Depreciation	102	118	109
Total Expenses	2,168	2,303	2,157
Revenue			
Sale of Goods and Services	0	0	14
Other Revenue	1	0	0
Total Revenue	1	0	14
Gain (loss) on sale of assets			
NET COST OF SERVICES	2,167	2,303	2,143
Less:			
Depreciation	102	118	109
Long Service Leave	8	30	40
Superannuation	158	153	139
NET CONTROLLABLE COST OF SERVICES	1,899	2,002	1,855
CAPITAL WORKS EXPENDITURE	0	15	0

Estimated Expenditure and Revenue for 2005/2006:

LC COMMITTEES

Description	\$ 000's
Salaries and related payments	1,656
Other operating expenses	639
Maintenance	-
Depreciation and Amortisation	109
Other Expenses	
Total Expenses	2,404
Less Retained Revenue	10
Less Non-controllable items	190
Net Controllable Cost of Services	2,204

Other Services – Legislative Council

	2004/2005 ACTUAL \$000	2004/2005 BUDGET \$000	2003/2004 ACTUAL \$000
Expenses			
Staff Salaries and Related Payments			
Other Operating Expenses	11	23	5
Maintenance			
Depreciation			0
Total Expenses	11	23	5
Revenue			
Sale of Goods and Services	0	0	0
Other Revenue			
Total Revenue	0	0	0
Gain (loss) on sale of assets			-
NET COST OF SERVICES	11	23	5
Less:			
Depreciation	0	0	0
Long Service Leave			
Superannuation			
NET CONTROLLABLE COST OF SERVICES	11	23	5
CAPITAL WORKS EXPENDITURE			

Estimated Expenditure and Revenue for 2005/2006:

SPECIAL PROJECTS

Description	\$ 000's
Salaries and related payments	
Other operating expenses	23
Maintenance	
Depreciation and Amortisation	
Other Expenses	
Total Expenses	23
Less Retained Revenue	-
Less Non-controllable items	-
Net Controllable Cost of Services	23

Financial Reports

Internal Audit

Deloitte Touche Tohmatsu provided internal audit services for the Parliament as a whole under a contract arrangement. Audits performed in 2004/05 under the direction of the Audit Committee were Services Provided to Members' Offices by the Parliament's administration, IT Security Access Review, Income and Finance Review, OHS, Asset Management, SAP Upgrade and Workers' Compensation.

In addition audits of the Parliament's payroll and Food and Beverage Services internal control processes were in progress at year end.

Insurance

The NSW Treasury Managed Fund (TMF) provides the Parliament's insurance cover including the Legislative Council. Cover provided remained the same as for previous years and comprised Workers' Compensation, Liability, Motor Vehicle, Property and Miscellaneous – including Members' personal accident, travel and misappropriation of funds cover.

A total of 33 Workers' Compensation claims were lodged by Parliamentary employees compared

with 29 claims for 2003/04. The average cost of these claims was \$3,873, which compares favourably with the 2003/04 average of \$8,779. Only one of these claims related to a Legislative Council employee with the cost involved \$180.

The Legislative Council made three property insurance claims in 2004/05 involving portable equipment lost or stolen at an average cost per claim of \$394. For the Parliament as a whole 25 property claims were lodged at an average cost per claim of \$4,840. This is largely attributable to two claims totalling \$96,000 relating to water damage from a storm and a fire sprinkler malfunction.

There were no motor vehicle or liability claims for the Legislative Council during the reporting year. Under the miscellaneous insurance category one personal accident claim relating to a motor vehicle accident was lodged at a cost of \$87,223 for which recovery is being sought through the claimant's Compulsory Third Party Insurer.

General Financial Reports

Amount of Recreation Leave and Long Service Leave

Recreation leave liability: \$662,650

Value of long service leave entitlements: \$1,052,731

Consultants

The following consultants were engaged in 2004/05:

Date	Consultancy	Amount \$	Description
Nov 04 – May 05	Gibson Quai	8,386.77	Review of WAN communications
July 04	Hay Group Melbourne	3,816.20	Organizing Design Workshop
Mar 05	Hay Group Melbourne	1,080.00	Position evaluations
July – Sept 04	Various	5,869.55	Independent legal advice
Mar – Jun 05	Davidson Trahaire	7,927.50	Conflict consulting
Jun 05	Bega Local Aboriginal Land Council	330.00	Welcome to Bega – Standing Committee on Law & Justice
June 05	People with Disability	5,956.00	Post School Disability Program – Consultation
May 05	CRS Australia	714.00	OHS ergonomic assessments (2 staff members)

Assets

The Legislative Council purchased a TV system at a cost of \$6,949 and a timing system at a cost of \$6,400 for the Legislative Council Chamber

Overseas Travel

In August 2004, the President and the Deputy Clerk visited Thailand to attend an official function at the invitation of the Prime Minister of Thailand and the Prime Minister of East Timor.

In January 2005, senior officers of the Department visited New Zealand to attend the annual conference of the Australian and New Zealand Association of Clerks at the Table (ANZACATT). See case study on page 22 for further details.

During February 2005, the President visited Europe, in particular, London and Brussels, to discuss issues surrounding good governance programs, committee management, Parliamentary sanctions and procedural modernisation.

The Department's exchange program with the Scottish Parliament commenced in March 2005, when a Principal Council Officer from Committees travelled to Edinburgh. The case study on page 36 of this report provides further details of the program.

The total cost of overseas travel for 2004/05 was \$85,787.89



Federation.
In 1901, 10 years after Sir Henry Parkes had launched his appeal for a central Australian Parliament and executive, a referendum was held to determine public opinion on the proposed Federation. The referendum was held on 1st of Feb & 99% of the people of Australia.

LIBRARY OF PARLIAMENT
NEW SOUTH WALES

LIBRARY
OF PARLIAMENT
NEW SOUTH WALES

1899-1901

Appendix 1

Members of the Legislative Council as at 30 June 2005

Fifty-Third Parliament 1st Session

Breen^A The Honourable Peter James DipLaw	IND	Jenkins^A The Honourable Jon Gordon BSc(Hons) ORP PhD ²	
Burgmann^A The Honourable Dr Meredith Anne MA(Syd) PhD(Macq) President	ALP	*Kelly^B The Honourable Anthony Bernard ALGA ALP <i>Minister for Rural Affairs, Minister for Local Government, Minister for Emergency Services, Minister for Lands, and Minister Assisting the Minister for Natural Resources</i>	
Burnswoods^A The Honourable Janice Carolyn BA(Hons) DipEd	ALP	Lynn^A The Honourable Charlie John Stuart psc	LIB
Catanzariti^B The Honourable Antonio	ALP	Macdonald^A The Honourable Ian Michael BA(Hons)	ALP
Chesterfield-Evans^A The Honourable Dr Arthur MB BS FRCS(Eng) MAppSci(OHS)	AD	<i>Minister for Primary Industries</i>	
Clarke^B The Honourable David	LIB	Moyes^B The Reverend the Honourable Dr Gordon CDP Keith Mackenzie AC BA DD LLD LitD FAIM FRGS FAICD MACE	
Cohen^B Mr Ian BA DipEd	G	Nile^A The Reverend the Honourable Frederick John ED LTh ⁴	CDP
Colless^B The Honourable Richard Hargrave HD App Sci(Agric) <i>Deputy Opposition Whip</i>	NAT	<i>Temporary Chair of Committees</i>	
Costa^B The Honourable Michael <i>Minister for Roads, Minister for Economic Reform, Minister for Ports, and Minister for the Hunter</i>	ALP	Obeid^A The Honourable Edward Moses OAM	ALP
Cusack^B The Honourable Catherine Eileen BEc(SocSc)	LIB	Oldfield^A The Honourable David Ernest	IND
Della Bosca^A The Honourable John Joseph BA <i>Special Minister of State, Minister for Commerce, Minister for Industrial Relations, Minister for Ageing, Minister for Disability Services, Assistant Treasurer, and Vice-President of the Executive Council</i>	ALP	Parker^B The Honourable Robyn Mary	LIB
Donnelly^B The Honourable Gregory John BEc MIR ⁵	ALP	Pavey^A The Honourable Melinda Jane ¹	NAT
Fazio^A The Honourable Amanda Ruth <i>Chair of Committees</i>	ALP	Pearce^B The Honourable Gregory Stephen BA LLB	LIB
Forsythe^A The Honourable Patricia BA DipEd <i>Temporary Chair of Committees</i>	LIB	Primrose^B The Honourable Peter Thomas B SocStud(Syd) <i>Government Whip</i>	ALP
Gallacher^B The Honourable Michael Joseph BProf St <i>Leader of the Opposition</i>	LIB	Rhiannon^A Ms Lee	G
Gardiner^A The Honourable Jennifer Ann BBus <i>Temporary Chair of Committees</i>	NAT	Robertson^B The Honourable Christine Mary <i>Temporary Chair of Committees</i>	ALP
Gay^B The Honourable Duncan John <i>Deputy Leader of the Opposition</i>	NAT	Roosendaal^B The Honourable Eric Michael BA LLB ³	ALP
Griffin^B The Honourable Kayee Frances <i>Temporary Chair of Committees</i>	ALP	<i>Parliamentary Secretary & Temporary Chair of Committees</i>	
Hale^B Ms Sylvia Phyllis	G	Ryan^A The Honourable John Francis BA(Hons) DipEd <i>Deputy Leader of the Liberal Party</i>	LIB
Harwin^A The Honourable Donald Thomas BEc(Hons) <i>Opposition Whip</i>	LIB	Tebbutt^B The Honourable Carmel Mary BEc <i>Minister for Education and Training</i>	ALP
Hatzistergos^A The Honourable John BEc LLM <i>Minister for Justice, Minister for Fair Trading, Minister Assisting the Minister for Commerce, and Minister Assisting the Premier on Citizenship</i>	ALP	Tingle^B The Honourable John Saxon	SP
		Tsang^A The Honourable Henry Shiu-Lung OAM BArch(NSW) DipBdg Sc(Syd) Fellow(UTS) <i>Parliamentary Secretary</i>	ALP
		West^B The Honourable Ian William <i>Deputy Government Whip</i>	ALP
		Wong^A The Honourable Doctor Peter AM MB BS(Syd) BPharm(Syd)	U

¹Indicates new or amended entry since last list

Quorum – 8 members (in addition to the PRESIDENT or other MEMBER presiding)

Party representation: house of 42 members

AD – Australian Democrats	1
ALP – Australian Labor Party	18
CDP – Christian Democratic Party (Fred Nile Group)	2
G – The Greens	3
IND – Independent	2
LIB – Liberal Party of Australia (NSW Division)	9
NAT – The Nationals	4
ORP – Outdoor Recreation Party	1
SP – Shooters Party	1
U – Unity	1
Total	42

Officers of the Legislative Council

President

The Honourable Dr Meredith Anne Burgmann
MA PhD MLC

Chair of Committees

The Honourable Amanda Ruth Fazio

Clerk of the Parliaments

John Denton Evans BLegS

Deputy Clerk

Lynn Carole Lovelock BA(Hons) DipEd

Clerk Assistant – Corporate Support

David Michael Blunt M Phil LLB (Hons)

Clerk Assistant-Committees

Warren Cameron Cahill DipT BEdSt GradDipIM-Lib

Usher of the Black Rod & Director – Procedure

Steven Reynolds BEc LLB MPS

Address all mail C/- Legislative Council,
Parliament House, Macquarie St, SYDNEY 2000

Phone: (02) 9230 2111

Fax: (02) 9233 3661

Email: council@parliament.nsw.gov.au

Website: <http://www.parliament.nsw.gov.au/lc>

- A. Elected Members whose term of service expires on dissolution or expiry of 53rd Parliament.
- B. Elected Members whose term of service expires on dissolution or expiry of 54th Parliament.
 1. Elected (3.9.2002) to vacancy caused by the resignation of the Hon DF Moppett. Term of service expires on the dissolution or expiry of the 53rd Parliament.
 2. Elected (29.10.2003) to vacancy caused by the resignation of the Hon MI Jones. Term of service expires on the dissolution or expiry of the 53rd Parliament.
 3. Elected (24 June 2004) to vacancy caused by the resignation of the Hon AS Burke. Term of service expires on the dissolution or expiry of the 54th Parliament.
 4. Elected (21 October 2004) to vacancy caused by his resignation. The term of service expires on the dissolution or expiry of the 53rd Parliament.
 5. Elected (23 February 2005) to vacancy caused by the resignation of the Hon MR Egan. The term of service expires on the dissolution or expiry of the 54th Parliament.

Appendix 2

Legislative Council Members' Travel

Member	2004/2005 Total \$	Members' LSA Travel \$	Members' Spouse/Approved Relative LSA Travel \$	Members' Staff LSA Travel \$	Members' Home to Sydney Travel* \$
Breen	9,869	1,697			8,172*
Burgmann	2,477	1,621		856	
Burnswoods	740	472		267	
Catanzariti	18,096	4,310	2,429		11,357*
Chesterfield-Evans	1,019	1,019			
Clarke	717	402	315		
Cohen	17,218	7,943		1,741	7,534*
Colless	26,600	11,936	25	1,185	13,454*
Costa					
Cusack	28,107	14,137		642	13,329*
Della Bosca					
Donnelly					
Egan					
Fazio	1,419	750		669	
Forsythe	5,561	5,322		239	
Gallacher	887	887			
Gardiner	27,143	10,796			16,346*
Gay	11,556	7,813	1,823		1,920*
Griffin	501	501			
Hale	6,228	6,228			
Harwin	12,214	5,750		88	6,376*
Hatzistergos	111	111			
Jenkins	10,979	5,112			5,867*
Kelly	11,622	948	2,343		8,332*
Lynn	1,061	198	469		395*
Macdonald	589	218			371*
Moyes					
Nile	11,078	2,449			8,629*
Obeid					
Oldfield	4,893	3,184	1,708		
Parker	14,319	2,448		182	11,690*
Pavey	35,837	17,146	4,697		13,994*
Pearce	8,461	2,130			6,331*
Primrose	53	53			
Rhiannon	6,208	4,742	1,074	392	
Robertson	10,719	4,463	2,958		3,298*
Roozendaal	2,700	2,700			
Ryan	1,745	1,745			
Tebbutt					
Tingle	13,700	1,421	3,915		8,364*
Tsang	129	129			
West	974	974			
Wong					
Total	305,531	131,755	21,756	6,261	145,759*

* Members residing in non-metropolitan electorates are required to travel to Sydney to undertake Parliamentary duties.

Commonwealth Parliamentary Association (CPA) travel

Hon Charlie Lynn MLC undertook study tours to Papua New Guinea from 9 to 18 February 2005 at a cost of \$8,005, and 9 to 11 May at a cost of \$1,200.

Hon Michael Gallacher MLC undertook a study tour to the United Kingdom and France from 23 June to 14 July 2005. The total cost of this travel was \$16,900.

Hon Kaye Griffin MLC and Hon Greg Pearce MLC visited Perth, Western Australia, for the 27th Australian and Pacific Regional Conference from 4 to 8 October 2004, at a cost of \$1,983 and \$2,540, respectively.

Appendix 3

Staff Numbers by Level

Level	Number									
	TOTAL staff	Respondents	Men	Women	Aboriginal people & Torres Strait Islanders	People from racial, ethnic, ethno-religious minority groups	People whose language first spoken as a child was not english	People with a disability	People with a disability requiring work-related adjustment	
< \$31,352	1	< \$31,352	1	1	0	1	0	0	0	0
\$31,352 - \$41,177	2	\$31,352 - \$41,177	2	1	1	0	0	0	0	0
\$41,178 - \$46,035	11	\$41,178 - \$46,035	3	3	8	1	2	1	0	0
\$46,036 - \$58,253	70	\$46,036 - \$58,253	16	30	40	0	2	2	2	2
\$58,254 - \$75,331	15	\$58,254 - \$75,331	7	3	12	0	1	1	0	0
\$75,332 - \$94,165	19	\$75,332 - \$94,165	11	7	12	0	3	1	0	0
> \$94,165 (non SES)	5	> \$94,165 (non SES)	3	4	1	0	0	0	2	0
> \$94,165 (SES)		> \$94,165 (SES)	0	0	0	0	0	0	0	0
TOTAL	123		43	49	74	2	8	5	4	2

Percent of Total Staff by Employment Basis

Employment Basis	TOTAL staff	Subgroup as % of total staff in each category			Subgroup as estimated % of total staff in each employment category				
		Respondents	Men	Women	Aboriginal people & Torres Strait Islanders	People from racial, ethnic, ethno-religious minority groups	People whose language first spoken as a child was not english	People with a disability	People with a disability requiring work-related adjustment
Permanent Full-time	75	48%	40%	60%	2.8%	19%	11%	8%	2.8%
Permanent Part-time	27	19%	33%	67%		20%	20%	20%	20.0%
Temporary Full-time	12	8%	50%	50%					
Temporary Part-time	8		38%	63%					
Contract – SES									
Contract – Non SES									
Training Positions	1	100%	100%		100.0%				
Retained Staff									
Casual	25		40%	60%					
TOTAL	148	29%	40%	60%	2.1%	14%	9%	8%	5.1%



A Little Piece of History...

In 1855, with a new bicameral Parliament due to come into existence in the following year, it was decided that the new Legislative Assembly would take over the existing Council chamber and a new chamber would be found for the Legislative Council. In February 1856, a prefabricated iron building in Melbourne, Victoria, was purchased for the Council. The building, made in England, had been shipped to Melbourne and was originally intended for use as a church or accommodation on the gold fields at Bendigo. The iron building was purchased for £1,835 and shipped to Sydney aboard the *Callender* and delivered to the Macquarie Street site in March 1856. In April, a tender of £4,475 was accepted from Mr Thomas Spence to erect the building on the southern end of the former Surgeon's Quarters, together with adjacent rooms and offices, and to provide internal fittings. Initially, the inner walls of the iron from chamber were lined with the boards from the packing cases in which the building had been shipped to Sydney. These were covered with hessian and the wallpaper was plastered over this. The walls have been reconstructed since but a small section of this thrifty original arrangement has been retained and a small door cut into the wall to show visitors.



LEGISLATIVE COUNCIL

Legislative Council
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000
www.parliament.nsw.gov.au
Ph (02) 9230 2111
Fax (02) 9230 2876