



**Parliament of New South Wales  
Financial Performance  
2012-2013**

# Financial commentary

## *The Parliament*

The net result of the Parliament for 2012-2013 was a surplus of \$2.212 million, an improvement of \$3.171 million on the budgeted deficit of \$959,000.

Total expenses for the Parliament of \$131.446 million were slightly less than the total of \$132.436 million for 2011-12. Employee related expenses combined with Members' remuneration accounted for 70% of the Parliament's operating expenditure.

This net result, which includes Government appropriations and employee benefits and other liabilities met by the Crown Entity, arose from lower than budgeted employee expenses of \$10.452 million, lower other expenses - Members' remuneration of \$2.412 million, higher than budgeted depreciation of \$208,000, higher other operating expenses of \$4.736 million and lower than budgeted revenue of \$4.635 million.

Employee related expenses were \$10.452 million less than the budget of \$64.888 million and other expenses – Members' remuneration was less than the budget of \$39.873 million by \$2.412 million. These two items taken together reflect a variation of \$12.864 million lower than the budget of \$104.761 million and should be considered together, as aggregated they represent total employment related costs of Members and staff. The primary reasons for the variation were:

- the reclassification of temporary employment agency staff as contractors (\$4.308 million);
- lower defined benefit superannuation expense of \$5.238 million than the budget of \$7.323 million due to a lower factor used to calculate the liability of Members' defined benefits superannuation; and
- the Parliamentary Budget Office budget of \$3 million not being required.

Other operating expenses were higher than the budget of \$27.402 million by \$4.736 million mainly due to the reclassification of contractors from employee related expenses to this budget item.

Depreciation and amortisation expenses were \$208,000 more than the budget of \$7.203 million. This arose from the timing of the completion of capital projects.

Revenue from the sale of goods and services was \$602,000 higher than the budget of \$5.044 million due to an increase in rent received for Parliament Ministerial Offices of \$365,000 following a market review and increased catering activity. AusAID grants of \$201,000 were received in relation to work undertaken as part of a parliamentary "Twinning" arrangement. Grants of \$458,000 were received from NSW Treasury as funding adjustments for the 2012/13 budget and \$193,000 for the relocation of the Castle Hill Electorate Office from the Department of Transport. Other revenue was higher than the budget of \$243,000 by \$2.907 million mainly due to a refund for workers compensation premium as a hindsight adjustment of \$246,000 and assets recognised for the first time of \$2.599 million.

## ***Outlook for the Parliament***

The Parliament's budgeted net result for 2013-14 is a surplus of \$3.295 million. The favourable result arises because expected depreciation expenses are lower than capital appropriation of this amount for the financial year. The 2013-14 budget includes funding for pay rises and other price increases.

The capital allocation for 2013-14 is \$12.133 million and includes an allocation of \$2.178 million to continue with the project to improve the corporate accommodation at Parliament House, \$2.590 million to refurbish the library and records repository, \$2.138 million to refurbish the kitchen at Parliament House, \$905,000 to refurbish the electrical distribution system, \$600,000 to upgrade the fire and smoke system, \$245,000 for Members' self-service via the SAP portal as well as other information technology development and asset replacements.



## INDEPENDENT AUDITOR'S REPORT

### The Legislature

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of The Legislature, which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity, statement of cash flows, service group statements and a summary of compliance with financial directives for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

### Opinion

In my opinion the financial statements:

- give a true and fair view of the financial position of The Legislature as at 30 June 2013, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

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

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

### Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

## Independence

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

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



A T Whitfield  
Deputy Auditor-General

23 September 2013  
SYDNEY



20 September 2013

**The Legislature**  
**Financial Statements for the Year ended**  
**30 June 2013**

**Statement by Department Heads**

---

We state that:

- a. the accompanying financial statements have been prepared in accordance with applicable Australian Accounting Standards (including Australian Accounting Interpretations), and the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer;
- b. the financial statements exhibit a true and fair view of the financial position as at 30 June 2013 and financial performance of The Legislature for the year then ended; and
- c. there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Ronda Miller  
Clerk of the Legislative  
Assembly

David Blunt  
Clerk of the Parliaments

Robert Stefanic  
Executive Manager  
Dept. of Parliamentary Services

Date: 20/9/13

Date: 20/9/13

Date: 20-9-13

Start of Audited Financial Statements

**THE LEGISLATURE**

**Statement of comprehensive income for the year ended 30 June 2013**

	Notes	Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000
<b>Expenses excluding losses</b>				
Operating expenses				
Employee related	2(a)	54,436	64,888	57,621
Other operating expenses	2(b)	32,138	27,402	31,486
Depreciation and amortisation	2(c)	7,411	7,203	6,675
Other expenses - Members' remuneration	2(d)	37,461	39,873	36,654
<b>Total Expenses excluding losses</b>		131,446	139,366	132,436
<b>Revenue</b>				
Recurrent appropriation	3(a)	115,145	117,812	115,510
Capital appropriation	3(a)	5,821	6,244	8,950
Sale of goods and services	3(b)	5,646	5,044	4,907
Investment revenue	3(c)	118	130	263
Grants and contributions	3(d)	900	-	335
Acceptance by the Crown Entity of employee benefits and other liabilities	3(e)	2,992	8,934	4,078
Other revenue	3(f)	3,150	243	371
<b>Total Revenue</b>		133,772	138,407	134,414
<b>Gain / (loss) on disposal</b>	4	(114)	-	(3)
<b>Net Result</b>		2,212	(959)	1,975
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to net result</i>				
Net increase / (decrease) in property, plant and equipment revaluation surplus		9,808	-	4,094
<b>Total other comprehensive income</b>		9,808	-	4,094
<b>TOTAL COMPREHENSIVE INCOME</b>		12,020	(959)	6,069

The accompanying notes form part of these financial statements.

## THE LEGISLATURE

### Statement of financial position as at 30 June 2013

	Notes	Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	6	3,772	2,204	3,093
Receivables	7	1,361	2,345	1,510
Inventories	8	81	105	91
<b>Total Current Assets</b>		<b>5,214</b>	<b>4,654</b>	<b>4,694</b>
<b>Non-Current Assets</b>				
Property, plant and equipment	9			
- Land and buildings		134,573	134,814	135,563
- Plant and equipment		14,655	9,812	16,882
- Collection assets		54,910	43,125	42,629
Total property, plant and equipment		204,138	187,751	195,074
Intangible assets	10	3,696	4,084	1,888
<b>Total Non-Current Assets</b>		<b>207,834</b>	<b>191,835</b>	<b>196,962</b>
<b>Total Assets</b>		<b>213,048</b>	<b>196,489</b>	<b>201,656</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	11	5,480	5,211	5,853
Provisions	12	5,242	4,900	5,389
Other	13	-	-	109
<b>Total Current Liabilities</b>		<b>10,722</b>	<b>10,111</b>	<b>11,351</b>
<b>Non-Current Liabilities</b>				
Provisions	12	58	45	57
<b>Total Non-Current Liabilities</b>		<b>58</b>	<b>45</b>	<b>57</b>
<b>Total Liabilities</b>		<b>10,780</b>	<b>10,156</b>	<b>11,408</b>
<b>Net Assets</b>		<b>202,268</b>	<b>186,333</b>	<b>190,248</b>
<b>EQUITY</b>				
Reserves		46,708	33,506	36,900
Accumulated funds		155,560	152,827	153,348
<b>Total Equity</b>		<b>202,268</b>	<b>186,333</b>	<b>190,248</b>

The accompanying notes form part of these financial statements.



**THE LEGISLATURE**

**Statement of changes in equity for the year ended 30 June 2013**

	Accumulated Funds	Asset Revaluation Surplus	Total
	\$'000	\$'000	\$'000
<b>Balance at 1 July 2012</b>	153,348	36,900	190,248
<b>Net result for the year</b>	2,212	-	2,212
<b>Other comprehensive income</b>			
Net increase / (decrease) in property, plant and equipment	-	9,808	9,808
<b>Total other comprehensive income for the year</b>	-	9,808	9,808
<b>Total comprehensive income for the year</b>	2,212	9,808	12,020
<b>Balance at 30 June 2013</b>	155,560	46,708	202,268
<b>Balance at 1 July 2011</b>	151,373	32,806	184,179
<b>Net result for the year</b>	1,975	-	1,975
<b>Other comprehensive income</b>			
Net increase / (decrease) in property, plant and equipment	-	4,094	4,094
<b>Total other comprehensive income for the year</b>	-	4,094	4,094
<b>Total comprehensive income for the year</b>	1,975	4,094	6,069
<b>Balance at 30 June 2012</b>	153,348	36,900	190,248

**THE LEGISLATURE**

**Statement of cash flows for the year ended 30 June 2013**

	Notes	Actual 2013 \$'000	Budget 2013 \$'000	Actual 2012 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Payments</b>				
Employee related		(51,884)	(55,954)	(53,023)
Other		(73,331)	(71,425)	(71,750)
<b>Total Payments</b>		<b>(125,215)</b>	<b>(127,379)</b>	<b>(124,773)</b>
<b>Receipts</b>				
Recurrent appropriation		115,145	117,812	115,510
Capital appropriation		5,821	6,244	8,950
Sale of goods and services		6,285	5,044	5,842
Interest received		204	130	263
Grants and contributions		900	-	335
Other		3,529	4,393	3,739
<b>Total Receipts</b>		<b>131,884</b>	<b>133,623</b>	<b>134,639</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>17</b>	<b>6,669</b>	<b>6,244</b>	<b>9,866</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchases of land and buildings, plant and equipment		(5,990)	(6,244)	(8,965)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(5,990)</b>	<b>(6,244)</b>	<b>(8,965)</b>
<b>NET INCREASE / (DECREASE) IN CASH</b>		<b>679</b>	<b>-</b>	<b>901</b>
Opening cash and cash equivalents		3,093	2,204	2,192
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>6</b>	<b>3,772</b>	<b>2,204</b>	<b>3,093</b>

The accompanying notes form part of these financial statements.

## Service group statements for the year ended 30 June 2013

	Chamber and Committee Support *		Members' Support *		Community Access *		Not Attributable		Total	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>THE LEGISLATURE'S EXPENSES &amp; INCOME</b>										
<b>Expenses excluding losses</b>										
Operating expenses										
· Employee related	7,964	8,430	43,119	45,642	3,353	3,549	-	-	54,436	57,621
· Other operating expenses	4,702	4,606	25,456	24,940	1,980	1,940	-	-	32,138	31,486
Depreciation and amortisation	1,085	977	5,869	5,287	457	411	-	-	7,411	6,675
Other expenses - Members' remuneration	5,481	5,362	29,672	29,034	2,308	2,258	-	-	37,461	36,654
<b>Total expenses excluding losses</b>	19,232	19,375	104,116	104,903	8,098	8,158	-	-	131,446	132,436
<b>Revenue</b>										
Recurrent appropriation	-	-	-	-	-	-	115,145	115,510	115,145	115,510
Capital appropriation	-	-	-	-	-	-	5,821	8,950	5,821	8,950
Sale of goods and services	301	262	3,388	2,944	1,957	1,701	-	-	5,646	4,907
Investment revenue	6	14	71	158	41	91	-	-	118	263
Grants and contributions	48	18	540	201	312	116	-	-	900	335
Acceptance by the Crown Entity of employee benefits and other liabilities	160	218	1,795	2,447	1,037	1,413	-	-	2,992	4,078
Other revenue	168	20	1,890	222	1,092	129	-	-	3,150	371
<b>Total revenue</b>	683	532	7,684	5,972	4,439	3,450	120,966	124,460	133,772	134,414
Gain / (loss) on disposal	(17)	-	(90)	(2)	(7)	(1)	-	-	(114)	(3)
<b>Net Result</b>	(18,566)	(18,843)	(96,522)	(98,933)	(3,666)	(4,709)	120,966	124,460	2,212	1,975
<b>Other Comprehensive Income</b>										
Increase / (decrease) in revaluation surplus	524	219	5,885	2,456	3,399	1,419	-	-	9,808	4,094
<b>Total Other Comprehensive Income</b>	524	219	5,885	2,456	3,399	1,419	-	-	9,808	4,094
<b>TOTAL COMPREHENSIVE INCOME</b>	(18,042)	(18,624)	(90,637)	(96,477)	(267)	(3,290)	120,966	124,460	12,020	6,069

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

Appropriations are made on an agency basis and not to individual service groups. Consequently, appropriations must be included in the "Not Attributable" column. The 2012 comparatives were restated based on an updated ratio for service groups attribution adopted in 2013.

**THE LEGISLATURE**

**Supplementary Financial Statements**

**Service group statements (continued)**

	Chamber and Committee Support *		Members' Support *		Community Access *		Not Attributable		Total	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>THE LEGISLATURE'S ASSETS &amp; LIABILITIES</b>										
<b>Current Assets</b>										
Cash and cash equivalents	552	453	2,988	2,449	232	191	-	-	3,772	3,093
Receivables	199	221	1,078	1,196	84	93	-	-	1,361	1,510
Inventories	12	13	64	72	5	6	-	-	81	91
<b>Total current assets</b>	763	687	4,130	3,717	321	290	-	-	5,214	4,694
<b>Non-current Assets</b>										
Property, plant and equipment	29,865	28,539	161,698	154,518	12,575	12,017	-	-	204,138	195,074
Intangibles	541	276	2,927	1,496	228	116	-	-	3,696	1,888
<b>Total non-current assets</b>	30,406	28,815	164,625	156,014	12,803	12,133	-	-	207,834	196,962
<b>TOTAL ASSETS</b>	31,169	29,502	168,755	159,731	13,124	12,423	-	-	213,048	201,656
<b>Current liabilities</b>										
Payables	802	856	4,340	4,636	338	361	-	-	5,480	5,853
Provisions	767	788	4,152	4,269	323	332	-	-	5,242	5,389
Other	-	16	-	86	-	7	-	-	-	109
<b>Total current liabilities</b>	1,569	1,660	8,492	8,991	661	700	-	-	10,722	11,351
<b>Non-current liabilities</b>										
Provisions	8	8	46	45	4	4	-	-	58	57
<b>Total non-current liabilities</b>	8	8	46	45	4	4	-	-	58	57
<b>TOTAL LIABILITIES</b>	1,577	1,668	8,538	9,036	665	704	-	-	10,780	11,408
<b>NET ASSETS</b>	29,592	27,834	160,217	150,695	12,459	11,719	-	-	202,268	190,248

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

The assets and liabilities previously recorded as "Not Attributable" have been allocated to service groups for both 2012 and 2013.

**THE LEGISLATURE**

**Supplementary Financial Statements**

**Summary of compliance with financial directives**

For the year ended 30 June 2013

	2013			2012			
	RECURRENT APP'N \$'000	EXPENDITURE / NET CLAIM ON CONSOLIDATED FUND \$'000	CAPITAL APP'N \$'000	EXPENDITURE / NET CLAIM ON CONSOLIDATED FUND \$'000	RECURRENT APP'N \$'000	EXPENDITURE / NET CLAIM ON CONSOLIDATED FUND \$'000	CAPITAL APP'N \$'000
<b>ORIGINAL BUDGET APPROPRIATION / EXPENDITURE</b>							
· Appropriation Act	117,812	114,812	6,244	5,821	116,599	8,636	8,636
<b>OTHER APPROPRIATIONS / EXPENDITURE</b>							
· Treasurer's Advance	-	-	-	-	2,462	2,000	314
· Transfers to / from another entity (per section 31 of the Appropriation Act)	333	333	-	-	-	-	-
<b>Total Appropriations / Expenditure / Net Claim on Consolidated Fund (includes transfer payments)</b>	118,145	115,145	6,244	5,821	119,061	10,636	8,950
<b>Amount drawn down against Appropriation</b>		115,145		5,821			8,950
<b>Liability to Consolidated Fund*</b>		-		-		109	-

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

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

## The Legislature

### Notes to and forming part of the Financial Statements for the year ended 30 June 2013

#### 1. Summary of Significant Accounting Policies

##### (a) Reporting entity

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

The Legislature is a not-for-profit entity (as profit is not its principal objective) and has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

These financial statements for the year ended 30 June 2013 have been authorised for issue by the Clerk of the Legislative Assembly, the Clerk of the Parliaments and the Executive Manager Parliamentary Services on 20 September 2013.

##### (b) Basis of preparation

The Legislature's financial statements are general purpose financial statements which have been prepared in accordance with:

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

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

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

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

##### (c) Statement of compliance

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

##### (d) Insurance

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

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

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

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

## The Legislature

### Notes to and forming part of the Financial Statements for the year ended 30 June 2013

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

#### (f) Income recognition

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

##### (i) Parliamentary appropriations and contributions

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

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

##### (ii) Sales of goods

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

##### (iii) Rendering of services

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

##### (iv) Investment revenue

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

##### (v) 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.

#### (g) Assets

##### (i) Acquisitions of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by The Legislature. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

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

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

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

## The Legislature

### Notes to and forming part of the Financial Statements for the year ended 30 June 2013

#### (ii) Capitalisation thresholds

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

#### (iii) Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (Treasury Policy Paper 07-1 as amended by NSWTC 12/05 and NSWTC 10/07). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

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

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

Land	April 2012	ValuState Pty Ltd
Buildings	June 2012	D P Martin Pty Ltd
Plant & Equipment (Building Technical Services Assets)	June 2012	D P Martin Pty Ltd
Collection Assets:		
Library Collection	April 2013	Peter Tinslay Valuer
Archives Collection	April 2013	Peter Tinslay Valuer
Antiques	June 2012	Christies Australia
Artworks	June 2012	Stella Downer Sue Hewitt

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

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 are separately restated.

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

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

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

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



## The Legislature

### Notes to and forming part of the Financial Statements for the year ended 30 June 2013

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

#### (iv) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, The Legislature is effectively exempted from AASB 136 *Impairment of Assets* and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

#### (v) Depreciation of property, plant and equipment

Except for the archive, antique and artwork collections, depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to The Legislature.

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

The depreciation rates listed in the table below remain the same as were applied last year.

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

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

#### (vi) Major inspection costs

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

#### (vii) Restoration costs

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

#### (viii) Maintenance

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

#### (ix) Leased Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and 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 or, if lower, the present value of the minimum lease payments at the commencement of the lease term. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

## The Legislature

### Notes to and forming part of the Financial Statements for the year ended 30 June 2013

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

#### (x) Intangible assets

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

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

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

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

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

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

#### (xi) Loans and receivables

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

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

#### (xii) Inventories

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

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

#### (xiii) Impairment of financial assets

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

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

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

## The Legislature

### Notes to and forming part of the Financial Statements for the year ended 30 June 2013

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

#### (xiv) Derecognition of financial assets and financial liabilities

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

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

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

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

#### (h) Liabilities

##### (i) Payables

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

##### (ii) Employee benefits and other provisions

###### (a) Salaries and wages, annual leave, sick leave and on-costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 *Employee Benefits*. Market yields on 2 year Australian government bonds of 2.53% (2012 2.46%) are used to discount long-term annual leave.

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

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.

###### (b) Long service leave and superannuation

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

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors specified in NSW Treasury Circular (NSWTC) *Accounting for Long Service Leave and Annual Leave 12/06*, to employees with five or more years

## The Legislature

### Notes to and forming part of the Financial Statements for the year ended 30 June 2013

of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

#### (c) Other provisions

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

#### (i) Equity and reserves

##### (i) Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with The Legislature's policy on the revaluation of property, plant and equipment as discussed in note 1(g)(iii).

##### (ii) Accumulated Funds

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

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

#### (j) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period, as adjusted for section 24 of the PFAA where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

#### (k) Comparative information

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

#### (l) New Australian Accounting Standards issued but not yet effective

A number of new Accounting Standards have not been applied and are not yet effective, in accordance with NSWTC *Mandates of Options and Major Policy Decisions under Australian Accounting Standards 13/02*. The possible impact of these Standards in the period of initial application is unlikely to result in a material adjustment.

## The Legislature

### Notes to and forming part of the Financial Statements for the year ended 30 June 2013

#### 2. Expenses Excluding Losses

##### (a) Employee Related Expenses

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and wages (including recreation leave)	45,725	48,077
Superannuation – defined benefit plans	827	645
Superannuation – defined contribution plans	3,673	3,271
Payroll tax and fringe benefits tax	2,782	2,952
Long service leave	1,099	2,299
Workers' compensation insurance	330	377
	<b>54,436</b>	<b>57,621</b>

##### (b) Other Operating Expenses including the following:

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Auditors remuneration		
– audit of the financial statements	67	64
– audit of Members' additional entitlements under Parliamentary Remuneration Tribunal Determination	50	48
Cost of Sales - House Committee	1,212	1,140
Operating lease rental expense-minimum lease payments	5,389	5,279
Maintenance	1,182	1,586
Insurance	331	268
Consultants	4	47
Contractors	4,308	4,179
Printing and stationery	7,129	6,303
Telecommunication costs	886	985
Travel expenses	1,836	1,958
Computer costs	2,849	3,155
Stores	224	271
Postage	831	573
Advertising	342	357
Energy charges	1,798	1,594
Cleaning and laundry	802	756
Contract and other fees	1,728	1,499
Other	1,170	1,424
	<b>32,138</b>	<b>31,486</b>

##### *Reconciliation – Total maintenance*

Maintenance expense – contracted labour and other (non-employee related), as above	1,182	1,586
Employee related maintenance expense included in Note 2 (a)	916	818
Total maintenance expenses included in Note 2(a) + 2(b)	<b>2,098</b>	<b>2,404</b>

## The Legislature

### Notes to and forming part of the Financial Statements for the year ended 30 June 2013

(c) Depreciation and amortisation expense

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Depreciation:		
– buildings	3,268	2,811
– plant and equipment	3,111	3,066
– collection assets	26	28
	<u>6,405</u>	<u>5,905</u>
Amortisation:		
– intangibles	1,006	770
	<u>1,006</u>	<u>770</u>
Total Depreciation and Amortisation Expense	<u>7,411</u>	<u>6,675</u>

(d) Other Expenses – Members' Remuneration

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and allowances of Members of Parliament	32,509	31,719
Superannuation entitlements – Members	2,751	2,726
Payroll tax & fringe benefits tax – Members' entitlements	1,960	1,975
Special projects	241	234
	<u>37,461</u>	<u>36,654</u>

### 3. Revenue

(a) Appropriations

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Recurrent appropriations</b>		
Total recurrent draw-downs from NSW Treasury (per Summary of compliance)	115,145	115,619
Less: Liability to Consolidated Fund (per Summary of compliance)	-	109
	<u>115,145</u>	<u>115,510</u>
Comprising:		
Recurrent appropriations (per Statement of Comprehensive Income)	<u>115,145</u>	<u>115,510</u>
<b>Capital Appropriations</b>		
Total capital draw-downs from NSW Treasury (per Summary of compliance)	5,821	8,950
Less: Liability to Consolidated Fund (per Summary of compliance)	-	-
	<u>5,821</u>	<u>8,950</u>
Comprising:		
Capital appropriations (per Statement of Comprehensive Income)	<u>5,821</u>	<u>8,950</u>

## The Legislature

### Notes to and forming part of the Financial Statements for the year ended 30 June 2013

(b) Sale of Goods and Services

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Sale of Goods</u>		
Sales of food and beverages	3,375	3,114
Sale of publications	32	6
	<u>3,407</u>	<u>3,120</u>
<u>Rendering of Services</u>		
Energy recoup from Sydney Hospital and State Library	529	443
Rent on Parliament House ministerial offices	1,427	1,025
Parking fees	282	311
Miscellaneous	1	8
	<u>2,239</u>	<u>1,787</u>
	<b><u>5,646</u></b>	<b><u>4,907</u></b>

(c) Investment Revenue

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest revenue on operating accounts	118	263
	<u>118</u>	<u>263</u>

(d) Grants and Contributions

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Castle Hill Electorate Office relocation	193	-
South Coast Electorate Office air conditioning contribution	9	-
Exhibition sponsorship	39	-
NSW Treasury funding adjustment grant	458	-
Twinning Project - Pacific Public Sector Linkages Program	201	335
	<u>900</u>	<u>335</u>

The NSW Parliament is twinned with the Parliaments of the Solomon Islands and the Autonomous Region of Bougainville, under the auspices of the Commonwealth Parliamentary Association. The NSW Parliament sought and received funding from AusAID to support the twinning arrangements. The 'Twinning project', or 'Strengthening parliamentary institutions in the Solomon Islands and Bougainville' is anticipated to cost \$1.17 million over three years (April 2010 to April 2013), with \$844,356 provided through AusAID's Pacific Public Sector Linkages Program and the balance provided by participating parliaments. AusAid extended the existing project to June 2013, and approved a new project to commence July 2013. The new project is funded to August 2015 (total project cost estimated at \$1.18 million, with \$869,651 from AusAid). The focus remains the strengthening of parliamentary democracy by building the capacity of the parliamentary administration.

## The Legislature

### Notes to and forming part of the Financial Statements for the year ended 30 June 2013

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

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

	2013	2012
	\$'000	\$'000
<b>Employees</b>		
Superannuation – defined benefit	828	645
Long service leave	798	2,077
Payroll tax on superannuation	41	35
	<u>1,667</u>	<u>2,757</u>
<b>Members</b>		
Superannuation – defined benefit	1,257	1,253
Payroll tax on superannuation	68	68
	<u>1,325</u>	<u>1,321</u>
	<u><u>2,992</u></u>	<u><u>4,078</u></u>

(f) Other Revenue

	2013	2012
	\$'000	\$'000
Assets recognised for first time	2,599	52
Conference seminar fees	116	22
Telecommunication tower rental	43	29
Workers' compensation hindsight adjustment	246	71
Televising Parliament expenditure recoupment	60	76
Staff on seconded salary recoupment	-	55
Miscellaneous items	86	66
	<u>3,150</u>	<u>371</u>

4. *Gain / (Loss) on Disposal*

	2013	2012
	\$'000	\$'000
Proceeds from disposal	-	-
Written down value of assets disposed	(114)	(3)
Net gain/(loss) on disposal of plant and equipment	<u>(114)</u>	<u>(3)</u>



5. *Service Groups of The Legislature*

**Service Group 1.1 Chamber and Committee Support**

**Service Description:**

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

**Linkage to Results:**

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

**Service Group 1.2 Members' Support**

**Service Description:**

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

**Linkage to Results:**

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

**Service Group 1.3 Community Access**

**Service Description:**

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

**Linkage to Results:**

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

**6. Current Assets – Cash and Cash Equivalents**

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank and on hand	3,772	3,093
	<u><b>3,772</b></u>	<u><b>3,093</b></u>

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

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

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents (per statement of financial position)	3,772	3,093
Closing cash and cash equivalents (per statement of cash flows)	<u><b>3,772</b></u>	<u><b>3,093</b></u>

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

**7. Current Assets - Receivables**

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Sales of goods and services	493	559
Less: Allowance for impairment	12	18
	<u>481</u>	<u>541</u>
GST recoverable from ATO	525	682
Other debtors	103	67
Prepayments	188	70
Investment income	64	150
	<u><b>1,361</b></u>	<u><b>1,510</b></u>
<i>Movement in the allowance for impairment</i>		
Opening balance	18	19
Amounts written off during the year	(10)	-
Amounts recovered during the year	(6)	(19)
Increase in allowance recognised in profit or loss	10	18
	<u><b>12</b></u>	<u><b>18</b></u>

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

8. *Current Assets - Inventories*

	2013	2012
	\$'000	\$'000
<b>Held for resale</b>		
Food and beverage stock at cost	72	91
Souvenirs	9	-
	<u>81</u>	<u>91</u>

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

	Land and Buildings \$'000	Plant and Equipment \$'000	Collection Assets \$'000	Total \$'000
<b>At 1 July 2012 – fair value</b>				
Gross carrying amount	194,823	57,048	52,173	304,044
Accumulated depreciation and impairment	59,260	40,166	9,544	108,970
Net carrying amount	<u>135,563</u>	<u>16,882</u>	<u>42,629</u>	<u>195,074</u>
<b>At 30 June 2013 – fair value</b>				
Gross carrying amount	194,159	54,040	54,910	303,109
Accumulated depreciation and Impairment	59,586	39,385	-	98,971
Net carrying amount	<u>134,573</u>	<u>14,655</u>	<u>54,910</u>	<u>204,138</u>

**Reconciliation**

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

	Land and Buildings \$'000	Plant and Equipment \$'000	Collection Assets \$'000	Total \$'000
<b>Year ended 30 June 2013</b>				
Net carrying amount at start of year	135,563	16,882	42,629	195,074
Additions	2,281	1,455	2,599	6,335
Disposals	(3)	(11)	(100)	(114)
Net revaluation increments less revaluation decrements	-	-	9,808	9,808
Reclassification to intangibles	-	(560)	-	(560)
Depreciation expense	(3,268)	(3,111)	(26)	(6,405)
Net carrying amount at end of year	<u>134,573</u>	<u>14,655</u>	<u>54,910</u>	<u>204,138</u>

## The Legislature

### Notes to and forming part of the Financial Statements for the year ended 30 June 2013

	Land and Buildings \$'000	Plant and Equipment \$'000	Collection Assets \$'000	Total \$'000
<b>At 1 July 2011 – fair value</b>				
Gross carrying amount	186,785	56,535	52,672	295,992
Accumulated depreciation and impairment	55,752	42,232	9,517	107,501
Net carrying amount	131,033	14,303	43,155	188,491
<b>At 30 June 2012 – fair value</b>				
Gross carrying amount	194,823	57,048	52,173	304,044
Accumulated depreciation and impairment	59,260	40,166	9,544	108,970
Net carrying amount	135,563	16,882	42,629	195,074

#### Reconciliation

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

	Land and Buildings \$'000	Plant and Equipment \$'000	Collection Assets \$'000	Total \$'000
<b>Year ended 30 June 2012</b>				
Net carrying amount at start of year	131,033	14,303	43,155	188,491
Additions	5,534	3,085	52	8,671
Disposals	-	(3)	-	(3)
Net revaluation increments less revaluation decrements	3,085	1,559	(550)	4,094
Reclassification to intangibles	(1,278)	1,004	-	(274)
Depreciation expense	(2,811)	(3,066)	(28)	(5,905)
Net carrying amount at end of year	135,563	16,882	42,629	195,074

## The Legislature

### Notes to and forming part of the Financial Statements for the year ended 30 June 2013

#### 10. Intangible Assets

##### Software licensing and upgrade

<b>At 1 July 2012</b>	<b>\$'000</b>
Cost (gross carrying amount)	5,252
Accumulated amortisation and impairment	<u>3,364</u>
Net carrying amount	<u><u>1,888</u></u>

<b>At 30 June 2013</b>	
Cost (gross carrying amount)	8,066
Accumulated amortisation and impairment	<u>4,370</u>
Net carrying amount	<u><u>3,696</u></u>

##### Reconciliation

<b>Year ended 30 June 2013</b>	
Net carrying amount at start of year	1,888
Additions (acquired separately)	2,254
Reclassification to intangibles	560
Amortisation (recognised in depreciation and amortisation)	<u>(1,006)</u>
Net carrying amount at end of year	<u><u>3,696</u></u>

<b>At 1 July 2011</b>	
Cost (gross carrying amount)	4,632
Accumulated amortisation and impairment	<u>2,594</u>
Net carrying amount	<u><u>2,038</u></u>

<b>At 30 June 2012</b>	
Cost (gross carrying amount)	5,252
Accumulated amortisation and impairment	<u>3,364</u>
Net carrying amount	<u><u>1,888</u></u>

##### Reconciliation

<b>Year ended 30 June 2012</b>	
Net carrying amount at start of year	2,038
Additions	346
Reclassification to intangibles	274
Amortisation (recognised in depreciation and amortisation)	<u>(770)</u>
Net carrying amount at end of year	<u><u>1,888</u></u>

**11. Current Liabilities - Payables**

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Accrued wages, salaries and on-costs	2,320	2,614
Trade creditors	2,055	2,586
Accrued operating expenses	1,050	557
Other payables	55	96
	<b>5,480</b>	<b>5,853</b>

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

**12. Current / Non- Current Liabilities – Provisions**

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Employee benefits and related on-costs</b>		
Recreation leave	3,648	4,085
On-cost on employee benefits	1,652	1,361
	<b>5,300</b>	<b>5,446</b>
<b>Aggregate employee benefits and related on-costs</b>		
Provisions – Current	5,242	5,389
Provisions - Non-Current	58	57
Accrued salaries, wages and on-costs (note 11)	2,320	2,614
	<b>7,620</b>	<b>8,060</b>

Of employee benefits for recreation leave \$2.720M (2012 \$3.142M) is expected to be settled within twelve months and \$928,000 (2012 \$943,000) is expected to be settled after twelve months. All accrued wages and salaries are expected to be settled within twelve months.

## The Legislature

### Notes to and forming part of the Financial Statements for the year ended 30 June 2013

#### 13. Current Liabilities – Other

	2013	2012
	\$000	\$000
Liability to Consolidated Fund	-	109
	<u>-</u>	<u>109</u>

#### 14. Commitments for expenditure

##### (a) Operating Lease Commitments

	2013	2012
	\$'000	\$'000
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	4,755	3,879
Later than one year but not later than five years	6,407	6,299
Later than five years	63	95
Total (including GST)	<u>11,225</u>	<u>10,273</u>

The Legislature is the lessee of 95 properties throughout NSW, all 95 being electorate offices. The leases are mostly standard commercial leases based on the Law Society template and are generally for four years with a four year option. The Legislature also leases one motor vehicle.

The above total includes GST input tax credits of \$988,000 (\$918,000 – 2012), which will be recoverable from Australian Taxation Office (ATO).

##### (b) Capital Commitments

Aggregate capital expenditure contracted for the completion of security works and replacement of the cooling tower at Parliament House at balance date and not provided for:

	2013	2012
	\$'000	\$'000
Not later than one year	147	326
Total (including GST)	<u>147</u>	<u>326</u>

The above total includes GST input tax credits of \$13,386 (\$29,636 – 2012), which will be recoverable from the ATO.

#### 15. Contingent Liabilities and Contingent Assets

The Legislature had no contingent assets or contingent liabilities at reporting date (2012: nil).

#### 16. Budget Review

##### Net result

The net result of \$2.212M was an improvement on the budgeted deficit by \$3.171M. This arose from: lower than budgeted employee related expenses (\$10.452M); lower other expenses - Members' remuneration (\$2.412M); higher than budgeted depreciation (\$208,000); higher other operating expenses (\$4.736M); and lower revenue (\$4.635M).

## The Legislature

### Notes to and forming part of the Financial Statements for the year ended 30 June 2013

Employee related expenses were \$10.452M less than the budget of \$64.888M and other expenses – Members' remuneration was less than the budget of \$39.873M by \$2.412M. These two items taken together reflect a variation of \$12.864M lower than the budget of \$104.761M and should be considered together, as aggregated they represent total employment related costs of Members and staff. The primary reasons for the variation were:

- the reclassification of temporary employment agency staff as contractors (\$4.308M),
- lower defined benefit superannuation expense of \$5.238M than the budget of \$7.323M due to a lower factor used to calculate the liability of Members' defined benefits superannuation and
- the Parliamentary Budget Office budget of \$3M not being required.

Other operating expenses were higher than the budget of \$27.402M by \$4.736M mainly due to the reclassification of contractors from employee related expenses to this budget item.

Depreciation and amortisation expenses were \$208,000 more than the budget of \$7.203M. This arose from the timing of the completion of capital projects.

Revenue from the sale of goods and services was \$602,000 higher than the budget of \$5.044M due to an increase in rent received for Parliament Ministerial Offices of \$365,000 following a market review and increased catering activity. AusAID grants of \$201,000 were received in relation to work undertaken as part of a parliamentary "Twinning" arrangement. Grants of \$458,000 were received from NSW Treasury as funding adjustments for the 2012/13 budget and \$193,000 for the relocation of the Castle Hill Electorate Office from the Department of Transport. Other revenue was higher than the budget of \$243,000 by \$2.907M mainly due to a refund for workers compensation premium as a hindsight adjustment of \$246,000 and assets recognised for the first time of \$2.599M.

#### **Assets and liabilities**

Total current assets of \$5.214M were higher than the budget of \$4.654M by \$560,000 due to higher than budgeted cash holdings offset by lower receivables.

Total non-current assets of \$207.834M were higher than the budget of \$191.835M by \$15.999M primarily due to the revaluation of library and archives performed at the end of 2012/13 in association with property, plant and equipment performed at the end of 2011/12 and not factored into the 2012/13 budget. Capital works programs were \$5.990M for the year with \$423,000 carried forward to 2013/14.

Total liabilities of \$10.78M were higher than the budget of \$10.156M by \$624,000 due to higher payables and an increase in provisions for employee benefits. Liabilities were lower than prior year total liabilities by \$628,000.

#### **Cash flows**

Net cash flows from operating activities were \$425,000 higher than the budget of \$6.244M due to an increase in the sale of goods and services of \$1.241M, an increase in grants and contributions of \$900,000 and a decrease in total payments of \$2.164M. Offsetting this was a decrease in the Recurrent Appropriation received of \$2.667M and a decrease in the Capital Appropriation of \$423,000.



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

	2013	2012
	\$'000	\$'000
Net cash used in operating activities	6,669	9,866
Depreciation	(7,411)	(6,675)
(Increase) / decrease in provisions	146	(520)
(Decrease) in receivables, inventories and other assets	(159)	(453)
(Increase) / decrease in creditors and other liabilities	482	(292)
(Loss) on sale of non-current assets	(114)	(3)
Assets recognised for first time	2,599	52
Net result	<u>2,212</u>	<u>1,975</u>

**18. Financial Instruments**

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

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

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

(a) **Financial instrument categories**

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
			2013	2012
			\$'000	\$'000
Cash and cash equivalents	6	N/A	3,772	3,093
Receivables <sup>1</sup>	7	Loans and receivables (at amortised cost)	648	758
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
			2013	2012
			\$'000	\$'000
Payables <sup>2</sup>	11	Financial liabilities measured at amortised cost	4,397	4,615

**Notes**

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

## The Legislature

### Notes to and forming part of the Financial Statements for the year ended 30 June 2013

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

#### (b) Credit risk

Credit risk arises when there is the possibility of The Legislature's debtors defaulting on their contractual obligations, resulting in a financial loss to The Legislature. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of The Legislature, including cash, receivables and authority deposits. No collateral is held by The Legislature. The Legislature has not granted any financial guarantees.

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

#### Cash

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

#### Receivables - trade debtors

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

The entity is not materially exposed to concentrations of credit risk to a single trade creditor or group of debtors. Based on past experience, debtors that are not past due (2013: \$236,326; 2012:\$187,103) are not considered impaired. These represent 49% of the total trade debtors.

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

	\$'000	\$'000	\$'000
	Total <sup>1,2</sup>	Past due but not impaired <sup>1,2</sup>	Considered impaired <sup>1,2</sup>
<b>2013</b>			
< 3 months overdue	123	123	-
3 months – 6 months overdue	61	60	1
> 6 months overdue	66	56	10
<b>2012</b>			
< 3 months overdue	196	194	2
3 months – 6 months overdue	95	87	8
> 6 months overdue	81	73	8

#### Notes

1. Each column in the table reports "gross receivables".
2. The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7

## The Legislature

### Notes to and forming part of the Financial Statements for the year ended 30 June 2013

(*Financial Instruments: Disclosures*) and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the statement of financial position.

#### (c) Liquidity Risk

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

The Legislature has the following banking facilities as at 30 June 2013:

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

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured), with the exception of Members Entitlements, are settled in accordance with the policy set out in NSW Treasury Circular *Payment of Accounts* 11/12. For small business suppliers, whose terms are not specified, payment is made not later than 30 days from the date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

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

#### Maturity analysis and interest rate exposure of financial liabilities

\$'000			\$'000			\$'000		
			Interest Rate Exposure			Maturity Dates		
	Weighted Average Effective Int. Rate	Nominal Amount <sup>1</sup>	Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
<b>2013</b>								
Payables	-	4,397	-	-	4,397	4,397	-	-
Total Financial Liabilities	-	4,397	-	-	4,397	4,397	-	-
<b>2012</b>								
Payables	-	4,615	-	-	4,615	4,615	-	-
Total Financial Liabilities	-	4,615	-	-	4,615	4,615	-	-

## The Legislature

### Notes to and forming part of the Financial Statements for the year ended 30 June 2013

#### Notes

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

#### (d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Legislature's exposures to market risk are primarily through interest rate risk on The Legislature's borrowings and other price risks associated with the movement in the unit price of the Hour Glass Investment Facilities. The Legislature has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which The Legislature operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2012. The analysis assumes that all other variables remain constant.

#### Interest rate risk

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

	\$'000	\$'000		\$'000	
	Carrying	-1%		+1%	
	Amount	Profit	Equity	Profit	Equity
<b>2013</b>					
<i>Financial assets</i>					
Cash and cash equivalents	3,772	(38)	(38)	38	38
Receivables	648	(6)	(6)	6	6
<b>2012</b>					
<i>Financial assets</i>					
Cash and cash equivalents	3,093	(31)	(31)	31	31
Receivables	758	(8)	(8)	8	8

#### (e) Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value.

**19. *Events After Reporting Period***

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

**End of audited financial statements**