

Parliament of
New South Wales

FINANCIAL
PERFORMANCE

2023-2024



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Financial Commentary

The budgeted amounts represent the original budget allocated to Parliament in respect of the reporting period. Subsequent amendments to the original budget are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the financial statements are explained below.

Net result

The net result was a \$1.277 million loss compared to a budgeted surplus of \$12.004 million. This is an unfavourable variance of \$13.281 million, consisting of following variances to budget:

Total expenses excluding losses were \$238.689 million compared to a budget of \$234.159 million, exceeding the budget by \$4.530 million. This was mainly due to \$7.742 million for SaaS related projects being reclassified to employee and operating expenses, offset by \$2.020 million underspend in employee and operating costs, and a \$1.235 million reduction in Depreciation and Amortisation.

Total revenue was \$238.308 million compared to a budget of \$246.163 million, \$7.855 million lower compared to budget. This was primarily due to \$9.224 million funding being carried forward to the next financial year consisting of \$7.204 million in capital funding for capital projects and \$2.020 million in recurrent funding, offset by \$1.499 million in unbudgeted insurance claim receipts.

Assets and liabilities

Net assets were \$501.105 million compared to a budget of \$446.971 million. The major variances arising on the Statement of Financial Position are noted below:

Property, plant and equipment were \$502.820 million compared to a budget of \$448.867 million. This was largely owing to an unbudgeted \$22.563 million in FY2023 for land and buildings fair value adjustment and \$44.852 million in FY2024 fair value adjustments to Property, plant and equipment, offset by \$7.204 million carried forward to FY2025, \$7.742 million SaaS projects reclassified to employee and operating expenses and \$0.758 million asset recognised first time.

Right-of-use assets were \$29.306 million compared to a budget of \$22.962 million. This was \$6.344 million over budget due to increased number of lease renewals or change of leased premises for electorate offices including some higher-than-expected rental increases during first year after the election.

Non-Current Borrowings were \$26.142 million compared to a budget of \$20.123 million. This was owing to the increase in the recognition of Right-of-use assets.

Cash flows

The closing cash position was \$5.196 million compared to a budget of \$4.770 million. This was over budget by \$0.426 million, which was due to a decrease in net cash flow from investing activities.



INDEPENDENT AUDITOR'S REPORT

The Legislature

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of The Legislature, which comprise the Statement by Department Heads, the Statement of comprehensive income for the year ended 30 June 2024, the Statement of financial position as at 30 June 2024, the Statement of changes in equity and the Statement of cash flows, for the year then ended, and notes to the financial statements, including a Statement of Material Accounting Policy Information, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards
- presents fairly The Legislature's financial position, financial performance and cash flows
- have been prepared in accordance with the requirements of the *Government Sector Finance Act 2018* (GSF Act), the Government Sector Finance Regulation 2024 (GSF Regulation) and the Financial Reporting Directions published by NSW Treasury.

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

Basis for Opinion

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

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

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

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

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

The Department Heads' Responsibilities for the Financial Statements

The Department Heads are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, and in accordance with the GSF Act, GSF Regulation and the Financial Reporting Directions published by NSW Treasury. The Department Heads' responsibility also includes such internal control as the Department Heads determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Department Heads are responsible for assessing The Legislature's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Cassie Malone
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

24 October 2024
SYDNEY



The Legislature
Financial Statements for the Year ended
30 June 2024

Statement by Department Heads

We state that these financial statements:

- a. have been prepared in accordance with the Australian Accounting Standards (which include Australian Accounting Interpretations) and applicable requirements of the Government Sector Finance Act 2018, Government Sector Finance Regulation 2024 and the Financial Reporting Directions issued by NSW Treasury;
- b. present fairly The Legislature's financial position, financial performance and cash flows.
- c. Further, at the date of this statement, we are not aware of any circumstances that would render the particulars included in the financial statements to be misleading or inaccurate.

Handwritten signature of Helen Minnican in black ink.

Helen Minnican
Clerk of the Legislative
Assembly

Handwritten signature of David Blunt in black ink.

David Blunt
Clerk of the Parliaments

Handwritten signature of Mark Webb in blue ink.

Mark Webb
Chief Executive
Department of Parliamentary
Services

Date: 21/10/2024

Date: 21/10/2024

Date: 21/10/2024.

Financial Statements for the year ended 30 June 2024

THE LEGISLATURE

Statement of comprehensive income for the year ended 30 June 2024

	Notes	Actual 2024 \$'000	Budget 2024 \$'000	Actual 2023 \$'000
Expenses excluding losses				
Employee related expenses	2(a)	104,924	101,363	97,979
Operating expenses	2(b)	52,284	46,141	50,556
Depreciation and amortisation	2(c)	31,050	32,285	27,351
Grants and subsidies	2(d)	144	-	144
Finance costs		967	426	520
Other expenses	2(e)	49,320	53,944	49,745
Total expenses excluding losses		238,689	234,159	226,295
Revenue				
Appropriations	3(a)	222,252	231,945	237,061
Sale of goods and services from contracts with customers	3(b)	8,663	8,405	7,285
Grants and other contributions	3(c)	1,900	1,921	2,397
Acceptance by the Crown of employee benefits and other liabilities	3(d)	2,756	3,662	2,244
Other income	3(e)	2,737	230	1,377
Total revenue		238,308	246,163	250,364
Operating result		(381)	12,004	24,069
Gain / (loss) on disposal	4	(195)	-	(15)
Other Gain / (loss)	5	(701)	-	(280)
Net result		(1,277)	12,004	23,774
Other comprehensive income				
Changes in revaluation reserve of property, plant and equipment		44,852	-	22,563
Total other comprehensive income		44,852	-	22,563
TOTAL COMPREHENSIVE INCOME		43,575	12,004	46,337

The accompanying notes form part of these financial statements.

THE LEGISLATURE

Statement of financial position as at 30 June 2024

	Notes	Actual 2024 \$'000	Budget 2024 \$'000	Actual 2023 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	7	5,196	4,770	4,084
Receivables	8	4,991	5,837	5,838
Inventories		144	160	160
Total Current Assets		10,331	10,767	10,082
Non-Current Assets				
Property, plant and equipment	9			
- Land and buildings		409,170	368,046	366,046
- Plant and equipment		37,052	29,845	40,543
- Collection assets		56,597	50,976	51,064
Total property, plant and equipment		502,819	448,867	457,653
Right-of-use assets	10	29,306	22,962	22,656
Intangible assets	11	10,155	9,533	12,036
Total Non-Current Assets		542,280	481,362	492,345
Total Assets		552,611	492,129	502,427
LIABILITIES				
Current Liabilities				
Payables	13	8,658	11,078	11,077
Borrowings	14	6,578	5,052	4,987
Provisions	15	9,919	8,724	8,724
Total Current Liabilities		25,155	24,854	24,788
Non-Current Liabilities				
Borrowings	14	26,142	20,123	19,928
Provisions	15	209	181	181
Total Non-Current Liabilities		26,351	20,304	20,109
Total Liabilities		51,506	45,158	44,897
Net Assets		501,105	446,971	457,530
EQUITY				
Reserves		265,314	197,899	220,462
Accumulated funds		235,791	249,072	237,068
Total Equity		501,105	446,971	457,530

The accompanying notes form part of these financial statements.

THE LEGISLATURE

Statement of changes in equity for the year ended 30 June 2024

	Accumulated Funds	Asset Revaluation Surplus	Total
	\$'000	\$'000	\$'000
Balance at 1 July 2023	237,068	220,462	457,530
Net result for the year	(1,277)	-	(1,277)
Other comprehensive income			
Net change in revaluation surplus of property, plant and equipment	-	44,852	44,852
Total other comprehensive income	-	44,852	44,852
Total comprehensive income for the year	(1,277)	44,852	43,575
Balance at 30 June 2024	235,791	265,314	501,105
Balance at 1 July 2022	213,294	197,899	411,193
Net result for the year	23,774	-	23,774
Other comprehensive income			
Net change in revaluation surplus of property, plant and equipment	-	22,563	22,563
Total other comprehensive income	-	22,563	22,563
Total comprehensive income for the year	23,774	22,563	46,337
Balance at 30 June 2023	237,068	220,462	457,530

The accompanying notes form part of these financial statements.

THE LEGISLATURE

Statement of cash flows for the year ended 30 June 2024

	Notes	Actual 2024 \$'000	Budget 2024 \$'000	Actual 2023 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(104,980)	(100,388)	(91,623)
Grants and subsidies		(144)	-	(144)
Suppliers for goods and services		(57,944)	-	(60,363)
Finance costs		(967)	(426)	(520)
Other		(49,320)	(107,139)	(49,745)
Total Payments		(213,355)	(207,953)	(202,395)
Receipts				
Appropriations (excluding equity appropriations)		222,252	231,945	237,061
Sale of goods and services		10,650	8,405	7,259
Grants and other contributions		1,900	1,921	2,397
Other		8,131	9,972	10,381
Total Receipts		242,933	252,243	257,098
NET CASH FLOWS FROM OPERATING ACTIVITIES	19	29,578	44,290	54,703
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property, plant and equipment		(22,022)	(38,251)	(47,462)
Purchases of intangibles		(901)	-	(2,187)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(22,923)	(38,251)	(49,649)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of principal portion of lease liabilities		(5,543)	(5,353)	(5,177)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(5,543)	(5,353)	(5,177)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		1,112	686	(123)
Opening cash and cash equivalents		4,084	4,084	4,207
CLOSING CASH AND CASH EQUIVALENTS	7	5,196	4,770	4,084

The accompanying notes form part of these financial statements.

Notes to and forming part of the Financial Statements for the year ended 30 June 2024

1. Statement of Material Accounting Policy Information**(a) Reporting entity**

The Legislature, as a reporting entity, comprises all the operating activities of the Parliament of New South Wales under the joint direction and control of the Clerk of the Parliaments, the Clerk of the Legislative Assembly and the Chief Executive of the Department of 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 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 2024 have been authorised for issue by the Clerk of the Legislative Assembly, the Clerk of the Parliaments and the Chief Executive of the Department of Parliamentary Services on 21 October 2024.

(b) Basis of preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Government Sector Finance Act 2018 (GSF Act)* and
- Financial Reporting Directions issued by NSW Treasury under the GSF Act.

The Legislature's financial statements have been prepared on a going concern basis, which contemplates the continuity of normal operating activity and the realisation of assets and the settlement of liabilities in the normal course of operations.

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

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

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

(c) 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 an asset's cost of acquisition or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. 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.

(d) Changes in accounting policies, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2023-24

The accounting policies applied in 2023-24 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards. The following amendments and interpretations materially apply for the first time to The Legislature:

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates. This AAS amends AASB 101 Presentation of Financial Statements to require entities to disclose their material accounting policy information rather than their significant accounting policies.

The amendment has led to a reduction of accounting policy information being disclosed by The Legislature.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

It is not anticipated that the adoption of Australian Accounting Standards issued but not effective will affect the financial statements of The Legislature.

2. Expenses Excluding Losses

(a) Employee Related Expenses

	2024	2023
	\$'000	\$'000
Salaries and wages (including annual leave)	86,894	82,123
Superannuation – defined benefit plans	391	368
Superannuation – defined contribution plans	9,057	7,693
Payroll tax and fringe benefits tax	5,299	5,270
Long service leave	2,539	1,776
Workers' compensation insurance	744	749
	104,924	97,979

Employee related expenses excluded from the above are: (i) capitalised as property, plant and equipment \$2.191 million at 30 June 2024 (\$2.515million in 2022-23), note 9; and (ii) capitalised as intangible assets - \$0.797 million at 30 June 2024 (\$0.971 million in 2022-23), note 11.

(b) Other Operating Expenses including the following:

	2024	2023
	\$'000	\$'000
Auditors remuneration		
– audit of the financial statements	108	96
– limited assurance report on the Members of Parliament’s compliance with the Parliamentary Remuneration Tribunal’s annual Determination of additional entitlements	64	60
Cost of Sales – Parliamentary Catering	1,415	1,267
Expense relating to short-term leases	1,399	2,799
Maintenance	3,249	2,223
Insurance	816	658
Contractors	9,401	8,653
Printing and postage	6,693	8,218
Telecommunication costs	971	1,238
Travel expenses	3,318	2,134
IT Expenses	7,097	8,567
Stores	120	132
Advertising	1,754	1,306
Energy charges	2,097	1,639
Cleaning and laundry	1,140	1,113
Contract and other fees	10,911	8,572
Other	1,731	1,881
	52,284	50,556

2024	2023
\$'000	\$'000

Reconciliation – Total maintenance expense

Maintenance expense – contracted labour and other (non-employee related), as above	3,249	2,223
Employee related maintenance expense included in Note 2 (a)	1,036	864
Total maintenance expenses included in Note 2(a) + 2(b)	4,285	3,087

Recognition and Measurement

Maintenance expense

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

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.

(c) Depreciation and Amortisation Expense

	2024	2023
	\$’000	\$’000
Depreciation:		
– buildings	11,368	10,370
– leased assets	5,997	5,351
– plant and equipment	10,759	8,879
– collection assets – Library Collection	96	88
	<u>28,220</u>	<u>24,688</u>
Amortisation:		
– intangibles	2,830	2,663
	<u>2,830</u>	<u>2,663</u>
Total Depreciation and Amortisation Expense	<u>31,050</u>	<u>27,351</u>

Refer to Note 9, 10 and 11 for recognition and measurement policies on depreciation and amortisation.

(d) Grants and Subsidies

	2024	2023
	\$’000	\$’000
Grant to Commonwealth Parliamentary Association (NSW Branch)	144	144
	<u>144</u>	<u>144</u>

(e) Other Expenses

	2024	2023
	\$'000	\$'000
Salaries and allowances	43,092	41,633
Superannuation entitlements	3,643	3,284
Payroll tax and fringe benefits tax	2,585	2,292
Parliamentary Budget Office	-	2,536
	<u>49,320</u>	<u>49,745</u>

The salaries and related on-costs are for remuneration paid to Members of Parliament. These costs are treated as other expenses due to Members not being employees of the Parliament.

Expenses related to the Parliamentary Budget Office are only incurred during a NSW state election year, therefore nil expenses were reported at 30 June 2024.

3. Revenue

Recognition and Measurement

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

(a) Appropriations

Summary of Compliance

	2024	2023
	\$'000	\$'000
Amount appropriated per Appropriation Act	231,945	239,251
Variations made to the appropriations during the financial year:		
-Senior Executive remuneration (per Employment Act 2013 GSE Act)	(106)	(27)
Total spending authority from parliamentary appropriations	<u>231,839</u>	<u>239,224</u>
Less: total expenditure out of the Consolidated Fund	<u>222,252</u>	<u>237,061</u>
Variance	<u>9,587</u>	<u>2,163</u>

Recognition and Measurement

Parliamentary appropriations

Income from appropriations does not contain enforceable and sufficiently specific performance obligations as defined by AASB 15. Therefore, appropriations are recognised as income when The Legislature obtains control over the assets comprising the appropriations. Control over appropriations is normally obtained upon the receipt of cash.

(b) Sale of Goods and Services from Contracts with Customers

	2024	2023
	\$'000	\$'000
<u>Sale of Goods</u>		
Sales of food and beverages ¹	5,529	4,461
Subtotal of sale of goods	<u>5,529</u>	<u>4,461</u>
<u>Rendering of Services</u>		
Cost recoup from Sydney Hospital and State Library ²	730	577
Rent on Parliament House ministerial offices and Post Office	1,938	1,801
Parking fees	466	446
Subtotal of rendering of services	<u>3,134</u>	<u>2,824</u>
	<u>8,663</u>	<u>7,285</u>

¹ Food and beverage services for Members of Parliament, their guests, staff and visitors, including functions held at Parliament House.

² Costs recouped from Sydney Hospital and the State Library for hot and chilled water for their airconditioning needs.

Recognition and Measurement

Sale of goods

Revenue from sale of goods is recognised as and when The Legislature satisfies a performance obligation by transferring the promised goods.

Type of Goods	Nature of Timing of Satisfaction of Performance Obligation, Including Significant Payment Terms	Revenue Recognition Policies
Food, beverage and souvenirs	The Legislature typically satisfies its performance obligations when the goods are delivered. The payments are typically due when the goods are provided.	Revenue from these sales is recognised when The Legislature provides the goods. No element of financing is present as payments are due when goods are provided.

Rendering of services from contracts with customers

Revenue from rendering of services is recognised as or when The Legislature satisfies a performance obligation by transferring the promised services.

Type of Services	Nature of Timing of Satisfaction of Performance Obligation, Including Significant Payment Terms	Revenue Recognition Policies
Parliament House Ministerial Offices and Post Office Cost recoup from Sydney Hospital and State Library Parking fees	The Legislature typically satisfies its performance obligations when the service is provided on completion. The payments are typically received in advance or when the service is provided on completion.	Revenue from rendering of services is recognised when The Legislature satisfies the performance obligation by transferring the promised services. The revenue is measured at the transaction price agreed under the contract. No element of financing is deemed present as payments are due when service is provided.

(c) Grants and Contributions

	2024	2023
	\$'000	\$'000
Grants [with] sufficiently specific performance obligations:		
Digital Restart Fund Grant	1,900	2,397
	<u>1,900</u>	<u>2,397</u>

Recognition and Measurement

Revenue from grants with sufficiently specific performance obligations are recognised as and when The Legislature satisfies a performance obligation by transferring the promised goods or services. Revenue from these grants is recognised based on the grant amount specified in the funding agreement/funding approval, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as funding payments are usually received in advance or shortly after the relevant obligation is satisfied.

Income from grants without sufficiently specific performance obligations is recognised when The Legislature obtains control over the granted assets (e.g. cash).

The Legislature**Notes to and forming part of the Financial Statements for the year ended 30 June 2024**

- (d) Acceptance by the 'the Crown in right of the State of New South Wales (the Crown)' of Employee Benefits and Other Liabilities

The following liabilities and /or expenses have been assumed by the 'the Crown in right of the State of New South Wales (the Crown)' :

	2024	2023
	\$'000	\$'000
Employees		
Superannuation – defined benefit	392	368
Long service leave	2,303	1,845
Payroll tax on superannuation	21	18
	<u>2,716</u>	<u>2,231</u>
Members		
Superannuation – defined benefit	38	12
Payroll tax on superannuation	2	1
	<u>40</u>	<u>13</u>
	<u>2,756</u>	<u>2,244</u>

- (e) Other Income

	2024	2023
	\$'000	\$'000
Assets recognised for first time	758	-
Conference / Seminar	134	51
Telecommunication Tower Rental	59	64
Security pass	21	13
Insurance claim	1,499	1,074
Miscellaneous items	266	175
	<u>2,737</u>	<u>1,377</u>

4. Gain / (Loss) on Disposal

	2024	2023
	\$'000	\$'000
Proceeds from disposal	-	-
Written down value of assets disposed	(195)	(15)
Net gain/(loss) on disposal	<u>(195)</u>	<u>(15)</u>

Gains and loss on disposals related to plant, equipment and collection assets of The Legislature

5. *Other Gain / (Loss)*

	2024	2023
	\$'000	\$'000
Impairment loss on right-of-use assets	(701)	(280)
	<u>(701)</u>	<u>(280)</u>

Recognition and Measurement

Impairment loss may arise on non-financial assets held by The Legislature from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the Note 10 Leases.

6. *Disaggregated disclosure Statements for the Year Ended 30 June 2024*

The Legislature does not have separate activity groups. Transactions and balances reported relate to The Legislature delivering on its key objectives, being:

- the effective functioning of the Parliament and its committees
- members of Parliament are supported to fulfil their parliamentary roles
- the community has access to Parliament and is aware of the role and functions of the Parliament.

7. *Current Assets – Cash and Cash Equivalents*

	2024	2023
	\$'000	\$'000
Cash at bank and on hand	5,196	4,084
	<u>5,196</u>	<u>4,084</u>

Refer to Note 20 for details regarding credit risk and market risk arising from financial instruments.

8. *Current Assets - Receivables*

	2024	2023
	\$'000	\$'000
Trade receivables from contract with customers	339	358
Less: Allowance for expected credit loss	<u>(24)</u>	<u>(11)</u>
	315	347
GST recoverable from ATO	1,284	1,614
Other receivables	308	1,045
Prepayments	<u>3,084</u>	<u>2,832</u>
	<u>4,991</u>	<u>5,838</u>

Movement in the allowance for expected credit losses

Balance at the beginning of the year	11	7
Amounts written off during the year	(3)	-
Amounts recovered during the year	(5)	(1)
Increase/(decrease) in allowance recognised in net result	<u>21</u>	<u>5</u>
Balance at the end of the year	<u>24</u>	<u>11</u>

Details regarding credit risk of trade receivables that are either past due nor impaired, are disclosed in Note 20.

Recognition and Measurement

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

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

Impairment

The Legislature recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that The Legislature expects to receive, discounted at the original effective interest rate.

For trade receivables, The Legislature applies a simplified approach in calculating ECLs. The Legislature recognises a loss allowance based on lifetime ECLs at each reporting date.

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

	Land and Buildings \$'000	Plant and Equipment \$'000	Library Collection \$'000	Artworks /Antiques \$'000	Total \$'000
At 1 July 2022 – fair value					
Gross carrying amount	563,989	79,857	38,620	13,321	695,787
Accumulated depreciation and impairment	(244,716)	(42,995)	(789)	-	(288,500)
Net carrying amount	319,273	36,862	37,831	13,321	407,287

	Land and Buildings \$'000	Plant and Equipment \$'000	Library Collection \$'000	Artworks /Antiques \$'000	Total \$'000
Year ended 30 June 2023					
Net carrying amount at start of year	319,273	36,862	37,831	13,321	407,287
Purchases of assets	34,580	12,882	-	-	47,462
Reclassifications to intangible assets	-	(307)	-	-	(307)
Net revaluation increments	22,563	-	-	-	22,563
Disposals	-	(15)	-	-	(15)
Depreciation expense	(10,370)	(8,879)	(88)	-	(19,337)
Net carrying amount at end of year	366,046	40,543	37,743	13,321	457,653

	Land and Buildings \$'000	Plant and Equipment \$'000	Library Collection \$'000	Artworks /Antiques \$'000	Total \$'000
At 1 July 2023 – fair value					
Gross carrying amount	621,132	89,438	38,620	13,321	762,511
Accumulated depreciation and impairment	(255,086)	(48,895)	(877)	-	(304,858)
Net carrying amount	366,046	40,543	37,743	13,321	457,653

	Land and Buildings \$'000	Plant and Equipment \$'000	Library Collection \$'000	Artworks /Antiques \$'000	Total \$'000
Year ended 30 June 2024					
Net carrying amount at start of year	366,046	40,543	37,743	13,321	457,653
Purchases of assets	14,705	7,179	-	138	22,022
Assets first time recognised	-	-	696	62	758
Reclassifications to intangible assets	(242)	194	-	-	(48)
Net revaluation increments	40,029	-	4,084	739	44,852
Disposals	-	(105)	-	(90)	(195)
Depreciation expense	(11,368)	(10,759)	(96)	-	(22,223)
Net carrying amount at end of year	409,170	37,052	42,427	14,170	502,819

	Land and Buildings \$'000	Plant and Equipment \$'000	Library Collection \$'000	Artworks /Antiques \$'000	Total \$'000
At 30 June 2024 – fair value					
Gross carrying amount	671,026	91,859	43,547	14,170	820,602
Accumulated depreciation and impairment	(261,856)	(54,807)	(1,120)	-	(317,783)
Net carrying amount	409,170	37,052	42,427	14,170	502,819

Recognition and Measurement

Acquisition of property, plant and equipment

Property, plant and equipment acquired are initially recognised at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date. (see also note 12 for Fair Value Measurement of Non Financial Assets)

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.

Depreciation of property, plant and equipment

Except for artworks / antiques assets and certain library collection assets, depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to The Legislature.

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

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

The depreciation rates applied during 2023-24, which are determined based on valuers' assessments and The Legislature's capital replacement plans, are listed in the table below.

Category of Assets	Useful lives 2024
The Parliament House buildings	30 years to 100 years
Plant and fitout	4 years to 20 years
Office equipment	3 years to 20 years
Computer equipment	3 years to 6 years
Library – Dewey collection, serials, government publications and other books	50 years

Right-of-Use Assets acquired by lessees

The Legislature has elected to present the right-of-use assets for electoral offices separately in the Statement of Financial Position.

Further information on leases is contained in Note 10.

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 (TPP21-09) and Treasurer's Direction, 'Valuation of Physical Non-Current Assets at Fair Value' (TD21-05). TD21-05 and TPP21-09 adopts fair value in accordance with AASB 13, AASB 116 and AASB 140 Investment Property.

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 12 for further information regarding fair value.

Revaluations are made with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The Legislature conducts a comprehensive revaluation at least every three years for its land and buildings where the market or cost approach is the most appropriate valuation technique and at least every five years for other asset classes. The last comprehensive revaluation was completed for each class of asset set out below and was based on an independent assessment.

Class of Assets	Comprehensive revaluation Date	Valuer
Land	March 2024	Valustate Pty Ltd
Buildings	March 2024	D P Martin Pty Ltd
Collection Assets:		
Library Collection	March 2024	Peter Tinslay Valuer
Artworks / Antiques	March 2020	Raffan Kelaher & Thomas / Stella Downer, Sue Hewitt

Interim revaluations are conducted between comprehensive revaluations where cumulative changes to indicators suggest fair value may differ materially from carrying value.

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

Revaluation increments are recognised in other comprehensive income and credited to revaluation surplus in equity. However, to the extent that an increment reverses a revaluation decrement in respect of the same class of asset previously recognised as a loss in the net result, the increment is recognised immediately as a gain in the net result.

Revaluation decrements are recognised immediately as a loss 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 only within a class of non-current assets.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated. Where the income approach or market approach is used, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

Impairment of property, plant and equipment

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

The Legislature assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Legislature estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

10. Right-of-Use Assets

The Legislature is the lessee of 98 electorate offices throughout NSW. The leases are mostly standard commercial leases based on the Law Society template and are generally for four to eight years with a four year option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. The Legislature does not provide residual value guarantees in relation to leases.

Extension and termination options are included to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by The Legislature and not by the respective lessors. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options is recognised in lease liabilities and right-of-use assets.

The Legislature has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. Low value assets are assets with a fair value of \$10,000 or less when new.

Right-of-use assets under leases

The following table presents right-of-use assets (buildings) that do not meet the definition of investment property.

Buildings	2024	2023
	\$'000	\$'000
Balance at 1 July	22,655	19,345
Additions	13,349	8,941
Impairment loss	(701)	(279)
Depreciation expense	(5,997)	(5,351)
Balance at 30 June	29,306	22,656

Lease liabilities

The following table presents liabilities under leases.

	2024	2023
	\$'000	\$'000
Balance at 1 July	24,915	21,150
Additions	13,349	8,941
Interest expenses	967	520
Payments	(6,511)	(5,696)
Balance at 30 June	32,720	24,915

The following amounts were recognised in the statement of comprehensive income in respect of leases where the Legislature is the lessee:

	2024	2023
	\$'000	\$'000
Depreciation expense of right-of-use assets	5,997	5,351
Interest expense on lease liabilities	967	520
Expense relating to short-term leases	1,399	2,799
Total amount recognised in the statement of comprehensive income	8,363	8,670

The Legislature had total cash outflows for leases of \$7.910 million in 2023-24 (2022-23: \$8.364 million).

Recognition and measurement

The Legislature assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Legislature recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

i. Right-of-use assets

The Legislature recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer ii below), adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

Right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of 2 to 16 years.

The right-of-use assets are also subject to impairment. The Legislature assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the entity estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

ii. Lease liabilities

At the commencement date of the lease, The Legislature recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- payments of penalties for terminating the lease, if the lease term reflects the entity exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

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

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

The Legislature's lease liabilities are included in borrowings.

iii. Short-term leases and leases of low-value assets

The Legislature applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

11. Intangible Assets

Software licensing and upgrade

At 1 July 2022 **\$'000**

Cost (gross carrying amount)	21,341
Accumulated amortisation and impairment	<u>(9,136)</u>

Net carrying amount **12,205**

At 30 June 2023

Cost (gross carrying amount)	23,210
Accumulated amortisation and impairment	<u>(11,174)</u>

Net carrying amount **12,036**

Year ended 30 June 2023

Net carrying amount at start of year	12,205
Additions	2,187
Reclassifications from Plant & Equipment	307
Amortisation (recognised in depreciation and amortisation)	<u>(2,663)</u>

Net carrying amount at end of year **12,036**

At 1 July 2023 **\$'000**

Cost (gross carrying amount)	23,210
Accumulated amortisation and impairment	<u>(11,174)</u>

Net carrying amount **12,036**

At 30 June 2024

Cost (gross carrying amount)	24,142
Accumulated amortisation and impairment	<u>(13,987)</u>

Net carrying amount **10,155**

Year ended 30 June 2024

Net carrying amount at start of year	12,036
Additions	901
Reclassifications from Property, Plant & Equipment	48
Amortisation (recognised in depreciation and amortisation)	<u>(2,830)</u>

Net carrying amount at end of year **10,155**

Recognition and Measurement

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

The useful lives of intangible assets are assessed to be finite, except for the Parliamentary Records Digitalisation asset.

The Legislature's intangible assets are amortised using the straight line method over a period of 3 to 10 years.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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.

12. Fair Value Measurement of Non-Financial Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, The Legislature categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

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

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

(a) Fair Value Hierarchy

2024

	Level 1	Level 2	Level 3	Total fair value
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment (Note 9)				
Land	-	-	76,850	76,850
Buildings	-	-	332,320	332,320
Library Collection		42,427	-	42,427
Artworks/Antiques	-	14,170	-	14,170
	-	56,597	409,170	465,767

2023

	Level 1	Level 2	Level 3	Total fair value
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment (Note 9)				
Land	-	-	75,474	75,474
Buildings	-	-	290,572	290,572
Library Collection		37,743	-	37,743
Artworks/Antiques	-	13,321	-	13,321
	-	51,064	366,046	417,110

There were no transfers between Level 1 or 2 during the periods.

(b) Valuation techniques, inputs and processes

Land

The fair value of the land under the Parliament of NSW building complex has been independently determined using market evidence with consideration made for condition, location, comparability, heritage classification and floor space area. It is an observable asset, and the input is Level 3.

Buildings

The fair value of the Parliament of NSW building complex has been independently determined based on replacement cost and measured at depreciated replacement cost. The valuation is based on Level 3 inputs.

Library collection assets and artworks / antiques assets

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

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

(c) Reconciliation of recurring Level 3 fair value measurements

A breakdown of Land and Buildings Level 3 fair value is represented below:

2024	Land	Buildings	Total Recurring Level 3 Fair value
	\$'000	\$'000	\$'000
Fair value as at 1 July 2023	75,474	290,572	366,046
Additions	-	14,705	14,705
Reclassifications from Plant and Equipment	-	(242)	(242)
Net revaluation increments	1,376	38,653	40,029
Depreciation	-	(11,368)	(11,368)
Fair value as at 30 June 2024	76,850	332,320	409,170

2023	Land	Buildings	Total Recurring Level 3 Fair value
	\$'000	\$'000	\$'000
Fair value as at 1 July 2022	71,490	247,783	319,273
Additions	-	34,580	34,580
Net revaluation increments	3,984	18,579	22,563
Depreciation	-	(10,370)	(10,370)
Fair value as at 30 June 2023	75,474	290,572	366,046

13. Current Liabilities - Payables

	2024	2023
	\$'000	\$'000
Accrued salaries, wages and on-costs	3,054	7,082
Trade creditors	1,292	1,387
Accrued operating expenses	3,840	2120
Other payables	472	488
	<u>8,658</u>	<u>11,077</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 20.

Recognition and Measurement

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

14. Current / Non- Current Liabilities – Borrowings

	2024	2023
	\$'000	\$'000
Current Lease Liability (see note 10)	6,578	4,987
Non - Current Lease Liability (see note 10)	26,142	19,928
	<u>32,720</u>	<u>24,915</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 20.

Recognition and Measurement

Borrowings classified as financial liabilities at amortised cost are initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

Borrowings for The Legislature are related to right of use assets for electorate offices, refer to note 10.

15. Current / Non- Current Liabilities – Provisions

	2024	2023
	\$'000	\$'000
Employee benefits and related on-costs – Current		
Annual leave	6,649	5,956
Parental leave	241	-
Payroll tax on-costs	1,005	961
Annual leave, superannuation and workers' compensation on-costs	2,024	1,807
	9,919	8,724
Employee benefits and related on-costs – Non - Current		
Payroll tax on-costs	71	63
Annual leave, superannuation and workers' compensation on-costs	138	118
	209	181
Subtotal Employee benefits and related on-costs	10,128	8,905
Aggregate employee benefits and related on-costs		
Provisions – Current	9,919	8,724
Provisions - Non-Current	209	181
Accrued salaries, wages and on-costs (note 13)	3,054	7,082
	13,182	15,987

Employee benefits for annual leave \$5.957 million (2023: \$5.078 million) is expected to be settled within twelve months and \$692,000 (2023: \$878,000) is expected to be settled after twelve months. All accrued wages and salaries are expected to be settled within twelve months.

Recognition and Measurement

Salaries and wages, annual leave, sick leave, parental leave and on-costs

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

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted).

Actuarial advice obtained by NSW Treasury has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated using 8.4% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Legislature has assessed the actuarial advice based on its circumstances and has determined that the effect of discounting is immaterial to annual leave. All annual leave is classified as a current liability even where The Legislature does not expect to settle the liability within 12 months as The Legislature does not have an unconditional right to defer settlement.

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.

Parental leave is expected to be settled wholly within 12 months after the end of the period, which are recognised and measured at the undiscounted amounts of the benefit.

Long service leave and superannuation

The Legislature's liabilities for long service leave and defined benefit superannuation are assumed by the 'the Crown in right of the State of New South Wales (the crown)'. 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 'the Crown in right of the State of New South Wales (the crown)' of employee benefits and other liabilities'.

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth government bond rate at the reporting date.

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

Consequential on-costs

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

16. Commitments

Capital Commitments

Aggregate capital expenditure contracted for the completion of the following projects: Parliament House Critical Maintenance Work, Electorate Boundary Redistribution, Electorate Office Security Upgrade as at the balance date and not provided for:

	2024	2023
	\$'000	\$'000
Within one year	1,944	8,864
Later than one year and not later than five year	-	1,248
Total (including GST)	<u>1,944</u>	<u>10,112</u>

The above total includes GST input tax credits of \$0.177million (2023: \$0.919 million), which will be recoverable from the ATO.

17. Contingent Liabilities and Contingent Assets

The Legislature had no contingent assets or contingent liabilities at reporting date (2023: nil).

18. Budget Review

The budgeted amounts represent the original budget allocated to Parliament in respect of the reporting period. Subsequent amendments to the original budget are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the financial statements are explained below.

Net Result

The net result was a \$1.277 million loss compared to a budgeted surplus of \$12.004 million. This is an unfavourable variance of \$13.281 million, consisting of following variances to budget:

Total expenses excluding losses were \$238.689 million compared to a budget of \$234.159 million, exceeding the budget by \$4.530 million. This was mainly due to \$7.742 million for SaaS related projects being reclassified to employee and operating expenses, offset by \$2.020 million underspend in employee and operating costs, and a \$1.235 million reduction in Depreciation and Amortisation.

Total revenue was \$238.308 million compared to a budget of \$246.163 million, \$7.855 million lower compared to budget. This was primarily due to \$9.224 million funding being carried forward to the next financial year consisting of \$7.204 million in capital funding for capital projects and \$2.020 million in recurrent funding, offset by \$1.499 million in unbudgeted insurance claim receipts.

Assets and Liabilities

Net assets were \$501.105 million compared to a budget of \$446.971 million. The major variances arising on the Statement of Financial Position are noted below:

Property, plant and equipment were \$502.820 million compared to a budget of \$448.867 million. This was largely owing to an unbudgeted \$22.563 million in FY2023 for land and buildings fair value adjustment and \$44.852 million in FY2024 fair value adjustments to Property, plant and equipment,

offset by \$7.204 million carried forward to FY2025, \$7.742 million SaaS projects reclassified to employee and operating expenses and \$0.758 million asset recognised first time.

Right-of-use assets were \$29.306 million compared to a budget of \$22.962 million. This was \$6.344 million over budget due to increased number of lease renewals or change of leased premises for electorate offices including some higher-than-expected rental increases during first year after the election.

Non-Current Borrowings were \$26.142 million compared to a budget of \$20.123 million. This was owing to the increase in the recognition of Right-of-use assets.

Cash Flows

The closing cash position was \$5.196 million compared to a budget of \$4.770 million. This was over budget by \$0.426 million, which was due to a decrease in net cash flow from investing activities.

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

	2024	2023
	\$'000	\$'000
Net cash used in operating activities	29,578	54,703
Depreciation and amortisation expense	(31,050)	(27,351)
(Increase) / decrease in provisions	(1,223)	613
Increase / (decrease) in receivables and inventories	(863)	8
(Increase) / Decrease in payables and other liabilities	2,419	(3,904)
Net gain / (loss) on sale of property, plant and equipment	(195)	(15)
Impairment loss of right-of-use assets	(701)	(280)
Assets recognised for first time	758	-
Net result	<u>(1,277)</u>	<u>23,774</u>

20. Financial Instruments

The Legislature’s principal financial instruments are cash, receivables, payables and lease liabilities. These financial instruments arise directly from The Legislature’s operations or are required to finance its operations. The Legislature does not enter into or trade financial instruments, including derivative financial instruments, for speculative or any other purposes.

The Clerks and the Chief Executive 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, to set risk limits and controls and to monitor risks faced by The Legislature. Compliance with policies is reviewed by The Legislature on a continuous basis.

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	
			2024	2023
Class:			\$'000	\$'000
Cash and cash equivalents	7	Amortised cost	5,196	4,084
Receivables ¹	8	Amortised cost	623	1,392
Financial Liabilities				
			2024	2023
Class:			\$'000	\$'000
Payables ²	13	Financial liabilities measured at amortised cost	7,714	8,284
Borrowings	14	Financial liabilities measured at amortised cost	32,720	24,915

Notes

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7 *Financial Instruments: Disclosures*) Includes lease receivables.
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7 *Financial Instruments: Disclosures*). Includes lease liabilities.

The Legislature determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(b) Financial risks

i. Credit Risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to The Legislature. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses or allowance for impairment).

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

The Legislature may consider a financial asset to be in default when internal or external information indicates that The Legislature is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by The Legislature.

Cash and cash equivalents

Cash comprises cash on hand and bank balances within the Treasury Banking System. Under cash management reforms introduced by NSW Treasury from 1 July 2015, interest is no longer payable on cash held in bank accounts within the Treasury Banking System.

Accounting policy for impairment of trade receivables and other financial assets

Receivables - trade receivables

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

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 150 days past due. Interest is charged on food and beverage debts after 60 days at 2% per month. No interest is charged on any other debtors. Food and beverage sales are made on 30-day terms. Other sales are made on either 14 or 30-day terms.

The Legislature is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2024.

The loss allowance for trade debtors as at 30 June 2024 and 30 June 2023 was determined as follows:

	30-Jun-24					Total
	Current	<30 Days	30-60 Days	61-90 Days	> 91 Days	
Estimated total gross carrying amount ^{1,2}	209	70	22	1	37	339
Expected Credit Loss Rate	0.0%	0.0%	0.0%	0.0%	63.6%	6.9%
Expected Credit Loss	-	-	-	-	24	24

	30-Jun-23					Total
	Current	<30 Days	30-60 Days	61-90 Days	> 91 Days	
Estimated total gross carrying amount ^{1,2}	221	94	1	4	37	357
Expected Credit Loss Rate	0.0%	0.0%	0.0%	0.0%	29.7%	3.1%
Expected Credit Loss	-	-	-	-	11	11

Notes

1. Each column in the table reports “gross receivables”.
2. The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 (*Financial Instruments: Disclosures*). Therefore, the “total” will not reconcile to the receivables total recognised in the statement of financial position.

ii. 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 is available to it. Under cash management reforms introduced by NSW Treasury from 1 July 2015, NSW Treasury assumed the liquidity risk of the Legislature and manages its cash balances through a system of annual cash buffer adjustments, either increasing or decreasing its appropriation to ensure an adequate cash holding for the forthcoming financial year.

The Legislature has the following banking facilities as at 30 June 2024:

- 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.
- Citibank card facility with a monthly spend limit of \$200,000.

During the current and prior year, there were no defaults of payables. No assets have been pledged as collateral.

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

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

Maturity analysis and interest rate exposure of financial liabilities

\$'000			\$'000			\$'000		
			Interest Rate Exposure			Maturity Dates		
	Weighted Average Effective Int. Rate	Nominal Amount ¹	Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
2024								
Payables	-	7,714	-	-	7,714	7,714	-	-
Borrowings - Lease liabilities	14.41%	38,231	-	5,511	-	6,579	19,594	12,058
2023								
Payables	-	8,284	-	-	8,284	8,284	-	-
Borrowings - Lease liabilities	9.55%	27,546	-	2,631	-	5,271	16,041	6,234

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.

iii. Market risk

The Legislature’s exposures to market risk are primarily through interest rate risk on The Legislature’s borrowings. 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 2023. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through The Legislature’s interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp. The Legislature does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. Under cash management reforms introduced by NSW Treasury from 1 July 2015, The Legislature no longer earns interest on cash held in bank accounts within the Treasury Banking System.

(c) Fair value measurement

Financial instruments are generally recognised at cost which are measured at fair value. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short term nature of many of the financial instruments.

21. Related Party Disclosures

The Legislature’s key management personnel compensation are as follows:

	2024	2023
	\$’000	\$’000
Short-term employee benefits:		
Salaries	1,435	1,482
Other monetary allowances	383	269
Non-monetary benefits	66	15
Other long-term employee benefits	-	-
Post-employment benefits	90	62
Termination benefits	-	-
Total remuneration	<u>1,974</u>	<u>1,828</u>

The Legislature

Notes to and forming part of the Financial Statements for the year ended 30 June 2024

During the year, The Legislature did not enter into any transactions on arm's length terms and conditions with key management personnel, their close family members and controlled or jointly controlled entities thereof.

During the year, The Legislature entered into transactions with other entities that are controlled / jointly controlled / significantly influence by the NSW Government:

- provision of ministerial offices and parking at Parliament House to The Cabinet Office and Premier's Department ; \$2.061 million (2023: \$1.933 million)
- supply of hot and chilled water for use in air conditioning to The NSW State Library and Sydney Hospital; \$0.730 million (2023: \$0.577 million)
- engagement of special constables from The NSW Police Force for the security of The Legislature; \$4.517 million (2023: \$4.585 million)

These are all at arm's length transactions in the ordinary course of business of the The Legislature.

22. 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

End of audited Financial Statements