

Crown Solicitor's Office



Annual Report
2023-24



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This annual report was produced in-house by NSW Crown Solicitor's Office. There were no external production costs. The annual report is available in electronic format on the NSW Crown Solicitor's Office website.

Acknowledgement of Country

The Crown Solicitor's Office acknowledges the Traditional Custodians of the land on which we live and work. In particular, we acknowledge and pay respect to the Gadigal people of the Eora Nation as the Traditional Custodians of the land on which our office sits.

We pay our deepest respects to Elders past and present. We recognise the stories, traditions, and living cultures of Aboriginal and Torres Strait Islander peoples. We commit to fostering a culture of learning from, and working with, Aboriginal and Torres Strait Islander peoples in the spirit of reconciliation.

31 October 2024

The Hon. Michael Daley, MP
52 Martin Place
SYDNEY NSW 2000

Dear Attorney General

I am pleased to submit for presentation to Parliament the annual report of the NSW Crown Solicitor's Office for the period 1 July 2023 to 30 June 2024.

The report has been prepared in accordance with the *Government Sector Finance Act 2018* Division 7.3.

During the reporting period, the CSO received over 4,500 new instructions, exceeded equitable briefing targets, and performed effectively as a government business.

I would like to take this opportunity to recognise and thank all staff, including solicitors, legal support, and corporate support, for their hard work and dedication, which has enabled us to deliver high quality legal services to the State and its agencies for the benefit of the people of NSW.

Yours faithfully

A handwritten signature in black ink that reads "Karen Smith".

Karen Smith
Crown Solicitor

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1. Overview

Agency aims and objectives

The NSW Crown Solicitor's Office (CSO) is the largest provider of legal services to the NSW Government and its agencies.

Our principal objective is to advise and represent agencies to support them in delivering the NSW Government's policies, programs, and projects in a lawful, effective, and efficient manner for the people of NSW.

Our aims are to:

- deliver high-quality, cost-effective legal services
- provide exceptional customer service to our clients – the NSW Government and its agencies
- foster a culture of continuous improvement in the way we work.

Services

The legal services provided by the CSO include legal advice, representation in litigation, representation at inquests and other inquiries, negotiating property and commercial transactions, drafting documents and agreements (including intergovernmental agreements), assisting Royal Commissions and other inquiries, and preparing publications and training for government agencies.

Core legal work

Through her office, the Crown Solicitor is the sole provider of legal services to the NSW Government in all matters that are regarded as 'core legal work.'

Premier's Memorandum 2016-04 directs that the Crown Solicitor must be engaged by government agencies (subject to that Memorandum) to perform such work.

A matter constitutes core legal work when the best interests of the NSW Government as a whole require a single source of authoritative legal advice and central management, or when it relates to the statutory or common law functions of the Attorney General.

The majority of the CSO's work is core legal work, performed at cost recovery rates. The Crown Solicitor's legal fees and disbursements for core legal work are met from the Attorney General's Legal Fund unless some other source of funding is available, such as the Treasury Managed Fund.

Non-core legal work

The CSO competes with the private sector to deliver non-core legal work to government agencies. Most of this work is through legal services panel arrangements such as the Insurance and Care NSW (icare) Legal Services Panel, to which the CSO is appointed, and the NSW Government Legal Services Panel, which the CSO sits alongside.

Clients

Under s 44 of the *Legal Profession Uniform Law Application Act 2014*, the Crown Solicitor may act as solicitor for:

- the State of NSW
 - a person suing or being sued on behalf of the State of NSW
 - a Minister of the Crown acting in his or her official capacity
- a body established by an Act or other law of NSW
- a statutory officer or employee of the Public Service or any other service of the State of NSW or of a body established by an Act or other law of NSW
- a person holding office under an Act or other law of NSW or because of the person's appointment to that office by the Governor or a Minister of the Crown
- any other person or body, or any other class of persons or bodies, approved by the Attorney General.

The Crown Solicitor does not provide legal services to the public.

Management and structure

Senior legal executives

The most senior legal executives of the CSO are the Crown Solicitor and 3 Assistant Crown Solicitors.

Crown Solicitor

Karen Smith



Karen has held the role of Crown Solicitor since April 2019.

Qualifications: BEc, LLB, LLM

Assistant Crown Solicitors

Michael Granziera



Michael leads the Public Law division.

Qualifications: BA, LLB (Hons), LLM

Richard Kelly



Richard leads the Civil Law and Commercial Strategy division.

Qualifications: BEc, LLB

Naomi Malhotra



Naomi leads the Inquiries and Criminal Law division.

Qualifications: BA, LLB (Hons)

Executive Committee

The Crown Solicitor chairs the Executive Committee. The committee oversees the CSO's organisational performance and delivery of services to clients.

The committee is comprised of the Assistant Crown Solicitors and Corporate Services leaders (refer to the organisational structure section below for details).

Organisational structure

As at 30 June 2024, the CSO is comprised of four divisions: the Corporate Services division plus three legal divisions made up of specialised legal practice groups.

In addition, the Crown Solicitor leads a small Government Law practice group, which focusses on significant government legal issues, including Parliament and executive power.

Corporate Services division

This division has four teams:

- Finance & Support Services, led by Director, Anna Brennan
- Information Management & Technology, led by Director, David Schneider
- People & Culture, led by Director, Jane Francis
- Legal Operations, led by Manager, Ellyssa Larsson.

Civil Law and Commercial Strategy division

Public Interest and Protection

Specialises in highly sensitive and complex matters for the State, including public interest immunity claims, charitable trusts, and adult guardianship and non-employment related discrimination matters.

Director: Lisa Lewis.

Torts (Justice/Law Enforcement Agencies)

Undertakes all aspects of the defence and settlement of civil claims, specialising in claims for intentional torts involving law enforcement and justice agencies, and historical abuse claims.

Director: Helen Maamary.

Torts (Service/Regulatory Agencies)

Specialises in the defence and settlement of civil claims, with a focus on personal injury and negligence actions against Health and other NSW service agencies. Represents agencies in coronial inquests.

Acting Director: Abby Talbot.

Special Commission of Inquiry into Healthcare Funding

A team of CSO legal officers and support staff was engaged to represent NSW Health agencies in the Special Commission of Inquiry into Healthcare Funding.

Director: Lucy Pinnock.

Inquiries and Criminal Law division

Inquiries

Specialises in coronial inquests, royal commissions and other forms of inquiry, and matters concerning investigatory powers and procedures.

Director: Alana McCarthy.

Public Safety and Justice

Provides advice and conducts proceedings including in relation to post-sentence supervision and detention of high-risk offenders, parole, reviews of convictions and allegations of contempt of court.

Director: Claudia Pendlebury.

Regulatory and Environment

Conducts summary prosecutions for environmental and other regulatory offences, and advises regulators on issues including enforcement, criminal law and procedure, and evidence.

Acting Director: Emma Moss.

Special Inquiries

Provides dedicated assistance to the Commissioner or Inquirer when a special commission of inquiry, or other form of inquiry, is established.

Director: Patrick Mullane.

THRO

Director: Enzo Camporeale.

Public Law division

Child Protection

Specialises in child protection law in the State and federal jurisdictions, contested and non-contested adoptions, and statutory wills for children.

Director: Nick Mitrevski.

Commercial Law

Delivers targeted, specialist assistance in areas of commercial law that apply to agencies, including government procurement, public finance, and Crown copyright. Acts in State revenue litigation and provides representation and assistance in sensitive contractual disputes.

Director: Karen Ferris and Acting Director, Holly Morgan.

Constitutional and Administrative Law

Specialises in constitutional law, intergovernmental agreements, statutory interpretation, administrative law, privacy, and access to information.

Acting Directors: Kiri Mattes and Jeremy Southwood.

Employment Law and Industrial Relations

Manages all aspects of employment law and industrial relations in both State and federal jurisdictions, including in relation to workplace discrimination, licensing, and work, health, and safety obligations.

Director: Christina Ray.

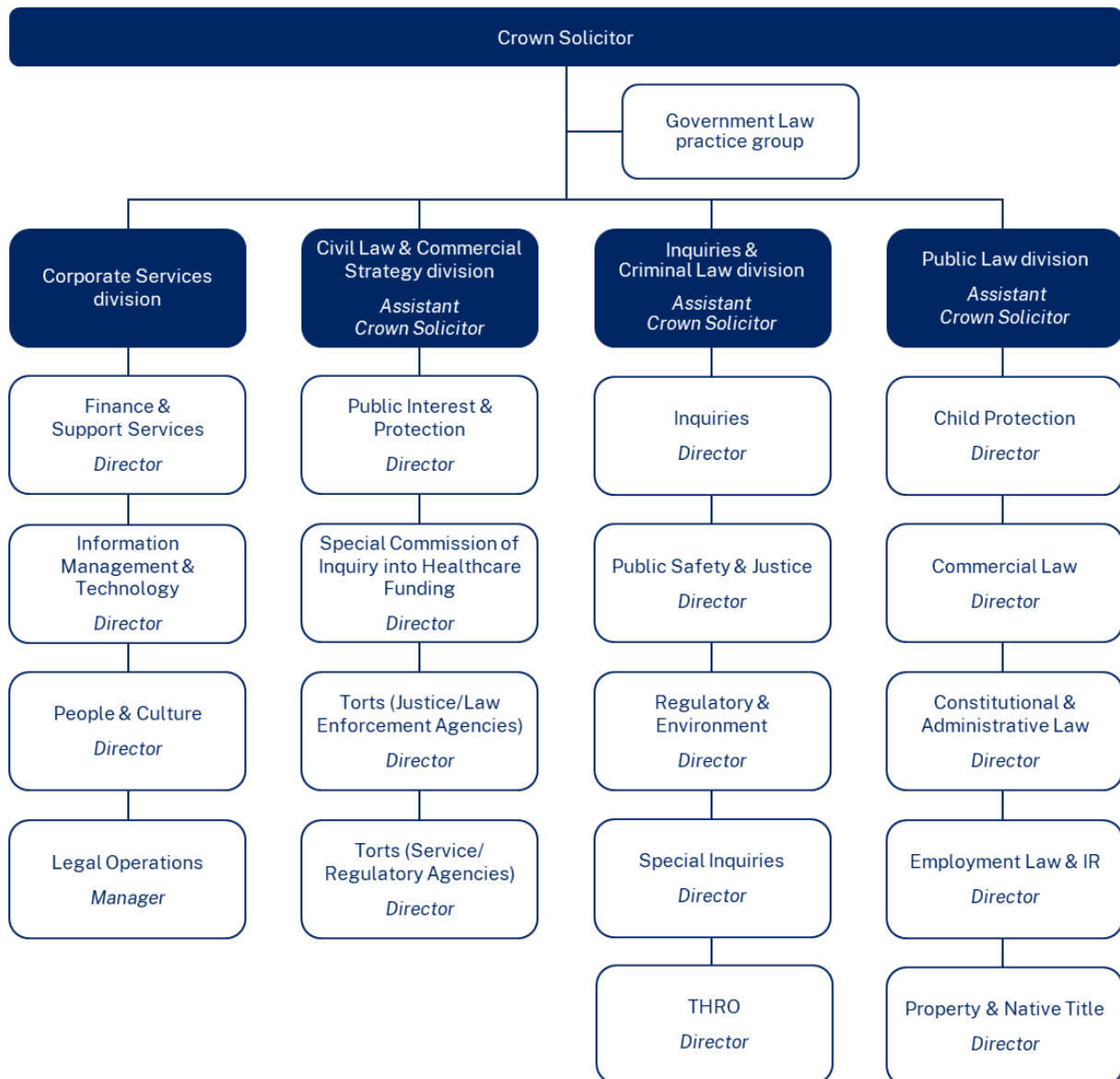
Property and Native Title

Provides advice and representation in native title and Aboriginal land rights matters, as well as property transactions and representation and advice regarding Crown land, compulsory acquisitions and land valuation appeal matters.

Director: Cheryl Drummy.

Organisational chart

The organisational chart below depicts the structure of the CSO, as described on previous pages.



Charter

The CSO is a public service executive agency under the *Government Sector Employment Act 2013*. The NSW Crown Solicitor is the head of the agency and the solicitor on the record for legal proceedings when representing the State, agencies, or Ministers.

The CSO is an agency within the Communities and Justice portfolio and is related to the Department of Communities and Justice.

2. Strategy

Strategic objectives and outcomes

The CSO exists to be the NSW Government’s most trusted legal advisors. Our strategic direction is guided by the importance of delivering an efficient and effective legal system.

Priorities and initiatives

The CSO maintained the following priority areas in 2023-24:

1. Growing non-core revenue while controlling costs.
2. Ensuring all core legal work is performed cost effectively in accordance with the core legal work guidelines.
3. Supporting our people so that we have a healthy, resilient, and engaged workforce.

Our strategic initiatives continued to be guided by these priority areas.

Growing non-core revenue

The growth of non-core revenue, combined with ongoing effective cost management, will deliver increased margins, increased annual surplus and distribution to NSW Treasury, and retain more money in the public sector.

Initiatives in 2023-24 included identifying growth opportunities in legal areas of importance for NSW Government that align to the CSO’s current and growing areas of expertise. In 2024-25, we will continue to explore emerging areas of importance for NSW Government.

Cost-effective core legal work

Core legal work is subject to the same internal productivity targets and fiscal disciplines as non-core work. The CSO will continue to explore opportunities to apply digital-first practices for continuous improvement of operational efficiency.

The Attorney General’s Legal Fund, which pays for core legal work, allocated \$79.4 million for the CSO in 2023-24.

An allocation of \$7.5 million was received for the CSO’s engagement on the Special Commission of Inquiry into LGBTIQ hate crimes, and \$7.3 million for our engagement on the Special Commission of Inquiry into Healthcare Funding.

A healthy, resilient, and engaged workforce

The CSO achieved an employee engagement score of 68% in the 2023 People Matter Employee Survey (PMES), up 2% from 2022, and 4% above the sector average.

We will continue to monitor employee engagement and wellbeing through the PMES and develop strategies and initiatives to improve the experience of all employees at the CSO.

We continued to develop and deliver wellbeing initiatives in 2023-24, guided by our PMES results and the employee-led Wellbeing Working Group.

The CSO released its Belonging and Inclusion Action Plan (2023-2027) in August 2023. We delivered activities to support the direction and outcomes outlined in the plan to support an inclusive workplace.

We continued work to deliver outcomes identified in the CSO Wellbeing Action Plan (2022-2025), which included providing proactive measures for employee wellbeing.

3. Operations and performance

Delivering legal services to the State of NSW

The CSO contributes to the delivery of an efficient and effective legal system through the provision of high quality and cost-effective legal services to its NSW Government clients.

2023-24 snapshot

New instructions

The CSO accepted 4,545 new instructions in 2023-24. This is up from 4,112 in 2022-23, and 3,641 in 2021-22.

Active matters

The CSO had 6,516 active matters in 2023-24, generally consistent with the previous 2 years.

Forty-two per cent of these matters were non-core work, up 2% on last financial year.

Clients

The CSO served 162 NSW Government agencies and other entities in 2023-24, generally consistent with the previous 2 years.

Exceeding NSW Government equitable briefing targets

Barristers are briefed by the CSO on behalf of clients. We continued to exceed the targets set out in the NSW Government Equitable Briefing Policy for Women Barristers for both the number and value of briefs to women barristers.

The target for junior women barristers is 30% of all briefs and/or 30% of the value of all brief fees paid. The CSO achieved 37% for the number of briefs, and 38% for the value of briefs.

The target for senior women barristers is 20% of all briefs and/or 20% of the value of all brief fees paid. The CSO achieved 32% for the number of briefs, and 28% for the value of briefs.

Significant work

Privacy and GIPA Act matters

The CSO managed 50 privacy matters in 2023-24, including advices and appearances in the NSW Civil and Administrative Tribunal (NCAT) and Supreme Court.

We acted for clients in over 70 matters involving the *Government Information (Public Access) Act 2009* (GIPA Act), including provision of advice regarding the Act and appearances in NCAT.

Resolving historical abuse claims

The CSO resolved 274 historic child abuse claims in 2023-24, acting on behalf of NSW Government agencies.

Our solicitors applied a trauma-informed framework to manage and resolve these sensitive matters and followed the NSW Government Guiding Principles for Government Agencies Responding to Civil Claims for Child Abuse.

High-risk offenders and forensic patients

The CSO acted for the Attorney General and State of NSW in approximately 30 Supreme Court applications for orders concerning offenders under the *Crimes (High Risk Offenders) Act 2006* and the *Terrorism (High Risk Offenders) Act 2017*.

We also acted in 11 applications concerning forensic patients under the *Mental Health and Cognitive Impairment Forensic Provisions Act 2020*.

Commissions and inquiries

Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability

The CSO continued to act for the State of NSW in the Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability, established in April 2019. The final report of the Royal Commission was provided to the Commonwealth Governor-General on 29 September 2023.

Royal Commission into Defence and Veteran Suicide

The CSO continued to act for the State of NSW in the Royal Commission into Defence and Veteran Suicide, established in July 2021.

We represented the State in 11 of the 12 public hearing blocks held since the establishment of the Royal Commission. We also assisted with evidence sought by the Royal Commission from the NSW Minister for Veterans, and with the State's response to notices for information and production of documents.

The Royal Commission provided its final report to the Commonwealth Governor-General on 9 September 2024.

Special Commission of Inquiry into Healthcare Funding

A team of CSO legal officers and support staff was engaged to represent NSW Health agencies in the Special Commission of Inquiry into Healthcare Funding.

The CSO also seconded a team of legal officers and support staff to assist the Commissioner, Richard Beasley SC, in conducting the Inquiry.

The Inquiry, which commenced in August 2023, is looking into the delivery of public healthcare across NSW.

The Inquiry held several hearings in 2023-24 in Sydney and regional centres within NSW, including Wagga Wagga, Dubbo, Broken Hill, and visited other regional, rural, and metropolitan communities.

Further hearings are due to be completed by December 2024, followed by final submissions. The Inquiry is currently due to deliver its report by March 2025.

Special Commission of Inquiry into LGBTIQ hate crimes

CSO solicitors continued to assist the Commissioner in the Special Commission of Inquiry into LGBTIQ hate crimes, which reviewed unsolved homicide and missing persons cases concerning members of the LGBTIQ community in the period 1970-2010.

The Inquiry was established on 19 April 2022, and its final report was provided to the NSW Governor on 18 December 2023.

Inquiry into offending by former corrections officer Wayne Astill at Dillwynia Women's Correctional Centre

From August 2023, a team of CSO legal officers and other staff assisted the Commissioner in the Inquiry into offending by former corrections officer Wayne Astill at Dillwynia Women's Correctional Centre. The final report of the Special Commission of Inquiry was delivered to the NSW Governor and Premier on 29 February 2024.

Coronial inquests

The CSO was instructed to assist coroners in 116 coronial inquests. These included 21 deaths in custody and 25 police operation deaths under section 23 of the *Coroners Act 2009*, and the inquest into the deaths of 7 persons at Bondi Junction, Sydney.

We also acted as solicitor assisting the coroner in 48 inquest hearings at the Coroners Court of NSW, and in 16 inquest hearings in regional centres across NSW. These included matters falling within the State Coroner's First Nations Protocol, and large-scale matters including the Villawood Detention Centre inquests into the deaths of 3 detainees.

Regulatory offences

The CSO appeared on behalf of government agencies and statutory authorities in approximately 80 prosecutions of regulatory offences in the Local and District Courts of NSW. These included criminal offences arising in the context of electoral matters, fisheries and water management, early childhood education and care compliance, transport/rail safety, and state revenue.

Constitutional and administrative law

The CSO acted for the Attorney General in Court of Appeal proceedings concerning whether a policy of legal professional indemnity insurance, intended to be offered by ABC Insurance Pty Ltd, was an ‘approved insurance policy’ under the *Legal Profession Uniform Law* (NSW) (the LPUL), such that a lawyer who held the policy would meet a prerequisite for the grant or renewal of a practising certificate.

The Court of Appeal held that a policy was not an ‘approved insurance policy’, in circumstances where the Attorney General had made an order under s 95 of the LPUL approving other policies of professional indemnity insurance, but had not made any such order in respect of the policy proposed to be offered by ABC (see *The Law Society of New South Wales v Attorney General of New South Wales; ABC Insurance Pty Ltd v The Law Society of New South Wales* [2024] NSWCA 90).

The CSO also acted for the State in proceedings concerning whether the North East Regional Forest Agreement (the NE RFA), made under the *Regional Forest Agreement Act 2002* (Cth) (RFA Act), continued to be effective after it was varied, including to extend its term beyond the initial 20 years (which expired in 2020).

The effectiveness of the NE RFA had significant potential ramifications for the management of the NSW forestry estate. The Federal Court held that the NE RFA continued to be effective to engage the provisions of the RFA Act (*North East Forest Alliance Inc v Commonwealth of Australia* [2024] FCA 5).

Employment and industrial relations

The CSO acted in more than 50 matters on behalf of the Children’s Guardian concerning the failure to grant working with children check clearances under the *Child Protection (Working with Children) Act 2012*. The CSO also acted for various agencies in State Award and Enterprise Agreement proceedings.

We acted for the Commissioner of Police in the first work value case to be decided following the repeal of the ‘wages cap’ under s 146C of the *Industrial Relations Act 1996* (*Crown Employees (NSW Police Force Special Constables) (Security) Award 2023* [2024] NSWIRComm 1034). The case provides important guidance on the work value, productivity and efficiency, and special case principles.

The CSO acted for the State of NSW in *New South Wales Nurses and Midwives’ Association v State of NSW* [2024] NSWSC 636. The Plaintiff alleged 1,484 award contraventions based on the defendant’s alleged failure to meet the requirement for 6.0 nursing hours per patient day. The Court found, in a preliminary hearing of three separate questions, that the failure to meet the requirement did not involve a contravention of the relevant award.

State Revenue

The CSO acted for the Chief Commissioner of State Revenue in the High Court in *Godolphin Pty Limited v Chief Commissioner of State Revenue* [2024] HCA 20, in which the High Court dismissed Godolphin’s appeal relating to the construction of s. 10AA of the *Land Tax Management Act 1956*, finding that the dominant use of land was the non-exempt purpose of maintaining animals for horse racing, rather than for selling them for their natural increase or bodily produce.

We acted for the Chief Commissioner in *Chief Commissioner of State Revenue v Integrated Trolley Management Pty Limited* [2023] NSWCA 302, in which the Court of Appeal allowed the Chief Commissioner’s assessment and found that trolley collection and cleaning services supplied by Integrated Trolley Management Pty Limited to Woolworths, ALDI, and IGA were procured under an employment agency contract within the meaning of s 37 of the *Payroll Tax Act 2007*.

Child protection

The CSO acted for the Secretary, Department of Communities and Justice, in complex care and protection and proceedings in various NSW courts.

DN v Secretary, Department of Communities and Justice [2023] NSWCA 321 considered the jurisdiction of the Children’s Court of NSW in respect of children who, at the time orders under the *Children and Young Person (Care and Protection) Act 1998* (Care Act) are made, are neither present nor ordinarily living in NSW.

The decision was the catalyst for legislative amendment expanding the application of the Care Act to children and young persons who have a ‘sufficient connection’ to New South Wales.

Delivering value-adding services

Training and education

The CSO provided a range of no-cost and low-cost training and education services to NSW Government agencies. We shared our legal expertise and insights to help agency staff make informed decisions about their matters and operations, reduce risk, and manage compliance with relevant legislation.

Supporting our commitment to continuous improvement, participants in our training and education sessions were invited to complete feedback surveys about the quality of the content and of our trainers and presenters.

GIPA Act and NSW privacy legislation

The CSO continued to offer training to NSW Government employees on the *Government Information (Public Access) Act 2009* (GIPA Act) and NSW privacy legislation, assisting agencies to understand and meet their obligations under the relevant legislation.

Courses delivered in 2023-24:

- Introduction to the GIPA Act
- Advanced GIPA Act training
- Introduction to NSW privacy law
- Advanced NSW privacy law training
- Conducting privacy internal reviews.

The CSO also delivered tailored training to employees at the Department of Customer Service and the Department of Communities and Justice.

NSW Government solicitors' induction training

The CSO continued to offer its low-cost NSW government solicitors' induction training video package to members of the NSW public sector. The videos introduce solicitors new to the NSW Government sector to key public law concepts, processes, and NSW legislation.

CPD Conference

More than 800 NSW Government solicitors, including from the CSO, attended our annual CPD Conference in March 2024. The hybrid event was provided at no cost to participants.

Conference sessions were designed to support the Continuing Professional Development (CPD) requirements of legal practitioners in NSW.

Sessions spanned all CPD fields: substantive law, ethics and professional responsibility, practice management and business skills, and professional skills.

Session topics covered:

- a practical look at the interaction of disclosure obligations, subpoenas, privilege, and public interest immunity
- developments in civil proceedings arising from criminal prosecutions
- the circumstances in which decision makers can reverse or alter invalid administrative decisions
- grants in the NSW public sector area, the legal framework that applies to them, and compliance considerations
- how obligations have changed under the *Public Interest Disclosures Act 2022*, and how those obligations interact with an employer's duty to deal with allegations of misconduct
- where the public service fits in the broader framework and institutions of government.

The CSO also delivered standalone CPD seminars on key privacy law decisions impacting NSW Government agencies and on administrative law updates.

Legal news and insights

The CSO kept clients informed of significant legal developments throughout 2023-24.

The *Administrative Law Quarterly* newsletter provided summaries of selected administrative law decisions/judgments in matters relevant to the NSW Government and its agencies and in which the Crown Solicitor acted.

The *Regulatory & Environment Insights* newsletter highlighted the practical implications for prosecutors and regulators on key decisions by the High Court of Australia, NSW Court of Criminal Appeal, and the Land and Environment Court of NSW.

We published two *ad hoc* fact sheets addressing key topics for government: one on essential legal principles governing expenditure by NSW Government agencies; and one on the types of information that attract public interest immunity (PIII) and how to claim PII.

We also published a summary of the High Court's decision in *Chief Executive Officer, Aboriginal Areas Protection Authority v Director of National Parks* [2024] HCA 16. The summary provided information on the practical implications of the decision and on the importance of paying close attention to the terms of statutes that potentially impose criminal liability on persons and bodies in the public sector.

Client Centre

The CSO's secure online Client Centre offers registered clients and other members of the NSW Government sector access to our archive of CPD seminar video recordings and other resources.

Major projects

Technology

The CSO continued to deliver and support a flexible, digital-first work environment.

We refined our information and communication technology architecture roadmap and our digital-first information management and technology strategy, ensuring alignment to the Department of Communities and Justice ICT strategy.

Significant projects completed during 2023-24 included the Microsoft Office 365 tenant consolidation project with the Department of Communities and Justice, and transitioning to myWorkZone, the upgraded SAP HR and payroll application.

We also upgraded our practice management system, Thomson Reuters Elite, further streamlining business processes – a key enhancement was the introduction of the user interface platform, 3E Workspace, used primarily by legal officers for time recording and billing and access to all Elite applications.

The CSO's employee intranet moved to a new platform.

Secondments

Secondments and reverse secondments strengthen knowledge sharing and relationship building between the CSO and our client agencies.

Thirty-two CSO employees participated in secondments to other NSW Government agencies during 2023-24, in both legal and administrative roles. Additionally, 21 CSO legal officers were seconded to assist in the Special Commission of Inquiry into Healthcare Funding, which commenced in August 2023.

Twenty-four reverse secondments were in place during the financial year, in both legal and administrative roles.

AI working group

The CSO convened a working group in July 2023 to explore generative artificial intelligence (AI) technology, including examining use by, and implications for, lawyers.

Looking ahead

During 2024-25, our focus areas in information management and technology include:

- examining AI technology
- upgrading Content Manager, the CSO's document management system
- reviewing the CSO's practice management system, Elite, to rationalise and streamline current systems and processes
- delivering new automation processes, including an online form for clients to send new instructions to the Crown Solicitor

The CSO will continue to work closely with the Department of Communities and Justice to enhance our security systems, focus on data-leakage prevention technologies, and consolidate various technologies.

Performance measures

The CSO operates to deliver high quality, efficient and effective legal services to the State of NSW.

We measure our performance against two key indicators agreed with NSW Treasury:

1. Employee utilisation – solicitors’ average daily billable hours (adjusted for any write-offs or discounts applied prior to invoicing)
2. Percentage of clients rating the CSO's legal services as better than or equal to that of other law firms they use – this is measured by responses to the CSO’s annual client survey question, ‘Overall, how do you rate the CSO’s legal services compared with other law firms you use?’

Additionally, we forecast a distributable operating surplus in accordance with TPG21-10 Capital Structure and Financial Distribution Policy for Government Businesses.

We track the number of new matters opened each financial year as guide only.

Measure	2022-23 Actual	2022-23 Budget	2023-24 Actual	2023-24 Budget
Net surplus	\$6.7M	\$1.4M	\$3.9M	\$0.6M
New matters	4,112	n/a	4,545	n/a
Employee utilisation ¹ (Solicitors’ average daily billable hours)	4.7 hrs	4.7 hrs	4.6 hrs	4.7 hrs
% of clients rating the CSO's legal services as better than or equal to that of other law firms they use (Data comes from the CSO’s annual client service survey.)	87%	85%	93%	85%

Summary of financial performance

The CSO achieved a net surplus of \$3.91 million for 2023-24. This was \$3.30 million higher than the budgeted \$0.61 million. The office will make a distribution payment of \$2.19 million from the distributable operating surplus, as approved by the Treasurer.

Revenue of \$91.39 million was \$12.99 million higher than the budget of \$78.40 million, and \$6.87 million higher than 2022-23, attributable to the Special Commission of Inquiry into Healthcare Funding and growth in non-core work.

Employee-related expenses were \$5.89 million higher than budget due to the increased workload. The CSO continues to recruit appropriately qualified staff and contractors to ensure that sufficient resources are available to meet client demand whilst maintaining target productivity measures.

4. Management and accountability

Senior executives

Number by band and gender

Band (CSO senior executive role)	2022-23 Female	2022-23 Male	2023-24 Female	2023-24 Male
Band 4 – Secretary	N/A	N/A	N/A	N/A
Band 3 (Crown Solicitor – agency head)	1	0	1	0
Band 2 (Assistant Crown Solicitor – Executive Director equivalent)	1	2	1	2
Band 1 (Director and Special Counsel)	19	8	22	7
Total	21	10	24	9

Average total remuneration package

Band (CSO senior executive roles)	2022-23	2023-24
Band 4 – Secretary	N/A	N/A
Band 3 (Crown Solicitor – agency head)	\$509,176	\$509,176
Band 2 (Assistant Crown Solicitor – Executive Director equivalent)	\$320,638	\$316,724
Band 1 (Director and Special Counsel)	\$244,274	\$238,060

Percentage of total employee-related expenditure

The percentage of total employee-related expenditure in 2023-24 associated with senior executives was 12.2%, compared with 12.3% for 2022-23.

Human resources

Officers and employees by category

Occupation classification (ANZSCO)	2022-23	2023-24
Managers	7	9
Professionals	320	347
Technicians and Trades Workers	1	1
Clerical and Administrative Workers	179	165

Notes:

- The table above shows headcount as at 20 June 2024. These figures do not include agency staff.
- The figures are estimates compiled from the Annual Workforce Profile.
- The figures for the 2022-23 period in the table above differ to those reported in 2023 for the same period, due to a different calculation being applied. All figures above use ANZSCO occupation codes.

Consultants

There was no consultant expenditure during 2023-24.

Overseas travel

There were no overseas visits by CSO officers or employees in 2023-24.

Risk management and insurance activities

Risk management activities

The CSO maintains a Risk Management Framework and internal audit function, in addition to having independent Audit and Risk Committee oversight, to comply with the Internal Audit and Risk Management Policy for the General Government Sector (TPP 20-08).

Enterprise Risk Management Framework

The CSO's Risk Management Framework governs the approach of the office to risk management. The Framework is based on the Department of Communities and Justice's framework and is designed to conform to TPP20-08 (which is consistent with AS ISO 31000:2018 Risk management – Guidelines).

Our Executive team continually reviews the CSO's risk register to identify new and emerging risks. Controls are applied and monitored for each identified risk and formal risk treatment plans are required for risks rated high or critical.

Risk management is also included as part of the CSO project management framework, specifically in relation to projects under the information and communication technology strategic plan.

Fraud and corruption control framework

The CSO's Fraud and Corruption Control Framework sets out the CSO's approach to prevention and detection of fraud and corruption and procedures for responding to and reporting of actual, suspected, or alleged incidents. The requirements apply to all staff, volunteers, consultants, contractors, and outsourced service providers performing work for the CSO.

The framework also outlines key roles and responsibilities in relation to controlling fraud and corruption.

Business continuity framework

The CSO's Business Continuity Framework provides guidance on how the CSO will recover and maintain services following a critical disruptive event. The framework outlines how the CSO prepares, responds to, and recovers from a disruption. The CSO's Business Continuity Plan is reviewed and tested regularly, with established governance committees ready to respond to a disruptive event.

Cyber security

The CSO has cyber security policies and procedures and embeds cyber security into risk management practices and assurance processes. Each year, the CSO undertakes a formal cyber security maturity self-assessment, and we provide an annual attestation to Cyber Security NSW.

The CSO has a suite of information security policies to provide oversight and guidance to CSO staff. The CSO maintains a Cyber Security Incident Response Plan and provides cyber security training to staff, developed under the NSW Cyber Security Policy (DCS-2021-02).

The NSW Cyber Security Policy recognises the growing need for effective cyber security. Ensuring the security of agency data is paramount as government services are increasingly delivered through digital channels. Those accessing CSO services or operating within CSO ICT environment need to be confident that the digital services they use are stable, secure, and resilient to cyber-attack.

Internal audit

The CSO's Internal Audit Plan is based on the CSO's Risk Register and typical financial controls risks, alongside input from the CSO's Chief Audit Executive at the Department of Communities and Justice.

Further risk management measures in place at the CSO include the Legislative Compliance Management Policy, which provides the principles and tools to ensure operations are conducted in accordance with legal and NSW Government policy requirements, and the Register of Material Legislation.

Additionally, the CSO Staff Manual, a central directory of current policies accessible to all staff, includes policies covering key areas such as Code of Conduct, Public Interest Disclosures, Managing Gifts and Benefits and supervision requirements.

Insurance activities

The Treasury Managed Fund (TMF), a government-wide self-insurance scheme managed by icare's Insurance for NSW on behalf of the NSW Treasury, provides full workers' compensation, property, liability, and miscellaneous insurance cover to the CSO.

On behalf of icare, QBE Insurance provided workers' compensation and Gallagher Bassett provided General Lines insurance claims management service for the CSO during 2023-24.

The CSO monitors its claims on an ongoing basis, with a focus on work health and safety and claims management, with the aim of reducing the number and value of workers' compensation insurance claims.

Risk management policies and procedures are continually reviewed to enhance the CSO's risk management profile and reduce future premiums.

Internal audit and risk management

Internal audit and risk management policy attestation statement

Page 1 of 2.

Internal Audit and Risk Management Attestation Statement for the 2023-2024 Financial Year for the Crown Solicitor's Office

I, Karen Smith am of the opinion that the Crown Solicitor's Office has internal audit and risk management processes in operation that are, excluding the exemptions or transitional arrangements described below, compliant with the seven (7) Core Requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector*, specifically:

Core Requirements	For each requirement, please specify whether compliant, non-compliant, or in transition
Risk Management Framework	
1.1 The Accountable Authority shall accept ultimate responsibility and accountability for risk management in the agency.	Compliant
1.2 The Accountable Authority shall establish and maintain a risk management framework that is appropriate for the agency. The Accountable Authority shall ensure the framework is consistent with AS ISO 31000:2018.	Compliant
Internal Audit Function	
2.1 The Accountable Authority shall establish and maintain an internal audit function that is appropriate for the agency and fit for purpose.	Compliant
2.2 The Accountable Authority shall ensure the internal audit function operates consistent with the International Standards for Professional Practice for Internal Auditing.	Compliant
2.3 The Accountable Authority shall ensure the agency has an Internal Audit Charter that is consistent with the content of the 'model charter'.	Compliant
Audit and Risk Committee	
3.1 The Accountable Authority shall establish and maintain efficient and effective arrangements for independent Audit and Risk Committee oversight to provide advice and guidance to the Accountable Authority on the agency's governance processes, risk management and control frameworks, and its external accountability obligations.	Compliant
3.2 The Accountable Authority shall ensure the Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'.	Compliant

Membership

The independent chair and members of the Audit and Risk Committee are:

- Independent Chair, Carolyn Burlew, 1 August 2019 to 31 July 2024
- Independent Member 1, Christine Feldmanis, 1 August 2019 to 31 July 2024
- Independent Member 2, Abby Bloom, 1 August 2019 to 31 July 2024
- Independent Member 4, Garry Dinnie, 1 February 2021 to 31 January 2024
- Independent Member 5, Ian Gillespie, 14 July 2021 to 13 July 2028
- Independent Member 6, Jan McClelland, 1 February 2024 to 31 July 2024

Internal audit and risk management policy attestation

Page 2 of 2.

Shared Arrangements

I, Karen Smith advise that the Crown Solicitor's Office has entered into an approved shared arrangement with the following agencies:

- Department of Communities and Justice
- Legal Profession Admission Board
- Office of the Ageing and Disability Commissioner

The resources shared include the Audit and Risk Committee, the Chief Audit Executive and the internal audit functions. The shared Audit and Risk Committee is a Principal Department Led Shared Audit and Risk Committee.



Karen Smith
Crown Solicitor
Crown Solicitor's Office
1 October 2024

Lakshmi Satyanarayana
A/Chief Audit Executive and A/Director
Governance, Risk, Audit and Compliance
Contact: cae@dcj.nsw.gov.au

Legislative compliance

Privacy and Personal Information Protection Act 1998

The CSO is a separate agency for the purposes of the PPIP Act. No agencies have been prescribed by regulation for the purposes of s. 4B(1)(a) of the Act. In compliance with the provisions of the PPIP Act, the CSO has a Privacy Management Plan.

The CSO received 1 request for internal review under the *Privacy and Personal Information Protection Act 1998* (PPIP Act) during the 2023-24 financial year. The request was made outside the required timeframe and was therefore invalid.

Government Information (Public Access) Act 2009

The CSO is declared not to be a separate agency, but is taken to be part of, and included in, the Department of Communities and Justice under clause 13 of Schedule 3 to the Government Information (Public Access) Regulation 2018, made pursuant to clause 6 of Schedule 4 to the *Government Information (Public Access) Act 2009* (GIPA Act).

Accordingly, the CSO does not exercise functions in relation to GIPA Act applications; these are dealt with by the Department of Communities and Justice. The CSO has no subsidiary agencies.

Legal change

Significant judicial decisions and legislative changes affecting clients of the CSO are referenced in section 3 of this report.

5. Sustainability

Work health and safety

The CSO continued to embed wellbeing into organisational culture. Our focus remained on building a healthy workplace that is safe and inclusive, including by mitigating the potential risks and trauma arising from the sensitive and complex legal matters our solicitors undertake for clients.

Where injury does occur, we take a person-centred approach to enable employees to recover from injury and return to work in a safe and sustainable way.

Health and wellbeing

The CSO's Wellbeing Framework and Wellbeing Action Plan 2022-25 continued to guide our priorities and activities to promote health and wellbeing and to prevent and minimise the impact of injury and illness at work.

The Action Plan supports early detection of risks to mental and physical health that may be caused by personal or professional responsibilities.

Activities

We commenced a psychosocial risk assessment project in May 2024. The project aims to complete a risk assessment of each team at the CSO to identify and mitigate psychosocial risks in the workplace. The People & Culture team will maintain oversight of the risk assessment process and consider organisation-wide initiatives to address common themes arising from the risk assessment. The project is expected to roll out in 2024-25.

We continued our partnership with FBG Group to support our Proactive Wellbeing Supervision Program. The program supports individuals within identified high-risk teams.

We continued to partner with TELUS Health to deliver the Employee Assistance Program (EAP), which enables all CSO employees and their immediate family to access free and confidential counselling, coaching, and support services.

Managers and supervisors also have access to the TELUS Health Managers hotline, which offers confidential and proactive support on workplaces issues or challenges.

We offered free influenza vaccinations to employees as part of our annual commitment to minimise the risk of influenza transmission.

We circulated the monthly Wellbeing Connection newsletter to all employees, promoting health and wellbeing initiatives and raising awareness of key wellbeing initiatives.

Wellbeing Working Group

The CSO Wellbeing Working Group, comprising representatives from across the office, met quarterly to share team and divisional feedback, develop initiatives, and deliver wellbeing-related employee events and programs.

Activities included delivering awareness-raising events and communications, including for the Sydney Gay and Lesbian Mardi Gras, Pink Ribbon Day, Australia's Biggest Morning Tea, R U OK? Day.

Training delivered in 2023-24

- Managing exposure to sensitive material.
- Managing vicarious trauma and compassion fatigue.
- Dealing with vulnerable clients and stakeholders.
- Managing challenging interactions.
- Manual handling and ergonomics.

WHS injuries and prosecutions

The CSO did not have any reported workplace injuries that resulted in workers compensation claims in 2023-24. The CSO had no open claims as at 30 June 2024. There were no prosecutions.

Workforce diversity achievements

Inclusion Action Plan

The CSO has an ongoing commitment to build a diverse workforce. We recognise belonging and inclusion as foundational to our organisational culture.

Our strategy for 2024-25 will be guided by our 2023–2027 Inclusion Action Plan, published in August 2023 and underpinned by our Belonging and Inclusion Framework.

The action plan extends our current focus on attracting and recruiting people from diverse backgrounds to creating a more inclusive workplace where everyone is respected and valued for their differences and our workforce reflects the diversity of the NSW population.

The action plan has 3 areas of focus:

1. Attract, recruit, and retain a talented and diverse workforce.
2. Build cultural and inclusive leadership capability to respect and accommodate differences.
3. Create a culturally safe and inclusive working environment where diversity is celebrated and valued as essential to our success.

Cultural and linguistic diversity

We continued to partner with CareerSeekers, a non-profit organisation supporting Australia's humanitarian entrants into professional careers.

We provided a 16-week internship to a law student from a culturally and linguistically diverse background to gain practical legal experience in one of our legal practice groups through the CareerSeekers Internship Program.

In February, the CSO Inclusion Working Group was invited to participate in the CareerSeekers annual conference. Several solicitors attended to share their experience in the legal sector with law students.

Aboriginal and Torres Strait Islander employment

The CSO continued programs and activities to increase the representation of Aboriginal and Torres Strait Islander people in our workforce, including:

- providing a 16-week internship program for an Aboriginal and Torres Strait Islander law student to gain practical legal experience in one of our legal practice groups, through our partnership with CareerTrackers
- filling two graduate solicitor roles in our 2024 Graduate Development Program through targeted advertising for Aboriginal and Torres Strait Islander persons
- participating in university and legal professional events to support the early career pathway for Aboriginal and Torres Strait Islander law students aspiring to become a paralegal or graduate solicitor at the CSO
- partnering with Ngalaya Indigenous Corporation to support a cadetship program for Aboriginal and Torres Strait Islander law students.

People with disability

The CSO maintained its silver membership with the Australian Disability Network (ADN) throughout 2023-24. The membership provides us with access to resources and advice on development and implementation of disability and inclusion practices.

We provided a 16-week internship to a law student with disability through ADN's Stepping into Law Program. We also partnered with ADN to:

- deliver inclusive recruitment training to support our hiring managers and recruitment team to apply inclusive recruitment practices and confidently manage people with disability within their teams
- deliver an awareness-raising event for International Day of People with Disability.

We continued to support and promote broader NSW Government Sector initiatives designed to create inclusive and barrier free workplaces for people with disability.

The CSO continued to apply the Department of Communities and Justice's Reasonable Adjustments Guidelines to ensure that employees with disabilities can work to their full potential and have equitable access to opportunities for development within the office.

Under the terms of the *Disability Inclusion Act* 2014, the CSO is not required to have a Disability Inclusion Action Plan. However, the CSO supports the NSW Government's commitment to remove systemic and attitudinal barriers, and is committed to providing access to, and inclusion in, meaningful employment.

CSO Inclusion Working Group

The Inclusion Working Group is a forum for employees with lived experience and their allies to connect with one another and focus on fostering a dialogue around diversity, workplace inclusion and belonging, advice and advocacy.

The working group delivered events and awareness raising activities throughout 2023-24, including for International Women's Day, International Men's Day, Lunar New Year, and Refugee Week.

A key event was a presentation to employees, 'Autism: unlocking hidden features,' a discussion on what autism spectrum disorder is from both a neuropsychological classification and the first-hand perspective of a CSO employee, a late-diagnosed woman in law.

RAP Working Group

The Reconciliation Action Plan (RAP) Working Group continued to foster a diverse and inclusive environment by organising events and training, including for National Reconciliation Week and NAIDOC week.

The working group offered an interactive training workshop to employees on how to deliver an authentic Acknowledgement of Country, facilitated by trainers from Acknowledge This!

As part of our ongoing commitment to improve cultural awareness, we delivered the Public Service Commission's trauma-informed e-learning program, 'Everyone's Business – Learning about Stolen Generations' to CSO employees. We are looking to complement this e-learning with facilitated in-person training in 2024-25.

The working group progressed the CSO's first Reflect Reconciliation Action Plan, which is expected to be published in 2024-25.

Workforce diversity statistics

Trends in the representation of equal employment opportunity groups

EEO group	Benchmark /target	2021-22	2022-23	2023-24
Women	50.0%	75.8%	74.2%	77.0%
Aboriginal and/or and Torres Strait Islander people	3.0%	0.2%	0.4%	0.6%
People whose first spoken language was not English	23.2%	12.3%	11.7%	11.1%
People with disability	5.6%	2.2%	3.0%	3.4%
People with disability requiring work-related adjustment	N/A	0.9%	1.4%	1.1%

Notes:

- The benchmark of 50% for representation of women across the sector is intended to reflect the gender composition of the NSW community.
- The target of 3% employment for Aboriginal and/or and Torres Strait Islander people is set by the NSW Public Sector Aboriginal Employment Strategy 2019-25. The target applies to each non-executive grade of the public sector.
- A benchmark from the Australian Bureau of Statistics (ABS) Census of Population and Housing has been included for people whose first language spoken as a child was not English. The ABS Census does not provide information about first language but does provide information about country of birth. The benchmark of 23.2% is the percentage of the NSW general population born in a country where English is not the predominant language.
- The figure reported for 'People with a disability' for the 2022-23 period in the table above differs to that reported in 2023 for the same period, due to a different calculation being applied. In 2023, we incorrectly reported only people with a disability who did not require work-related adjustment.

Trends in the distribution of equal employment opportunity groups

EEO group	Benchmark /target	2021-22	2022-23	2023-24
Women	100	345	376	402
Aboriginal and/or Torres Strait Islander people	100	1	2	3
People whose first language spoken was not English	100	56	59	58
People with disability	100	10	8	18
People with disability requiring work-related adjustment	100	4	7	6

Note: A Distribution Index of 100 indicates that the centre of the distribution of the workforce diversity group across salary levels is equivalent to that of other employees. Values less than 100 mean that the workforce diversity group tends to be more concentrated at lower salary levels than is the case for other employees. The more pronounced this tendency is, the lower the index will be. In some cases, the index may be more than 100, indicating that the workforce diversity group is less concentrated at lower salary levels. The Distribution Index is not calculated where workforce diversity group or non-workforce diversity group numbers are less than 20.

Modern Slavery Act 2018 (NSW)

There were no issues raised by the NSW Anti-slavery Commissioner during 2023-24 concerning the CSO's operations.

The CSO took reasonable steps during the reporting period, in line with the Guidance on Reasonable Steps (GRS), to identify, analyse, and improve transparency over salient modern slavery risks across the range of operational and procurement activities to ensure that goods and services procured by and for the agency during 2023-24 were not the product of modern slavery within the meaning of the *Modern Slavery Act 2018*.

We engaged with internal stakeholders, including stakeholders with responsibility for procurement, to assess modern slavery risks and compliance requirements. We updated our Statement of Business Ethics, to which suppliers must adhere, to include specific statements on modern slavery.

Other actions:

- conducted a Salient Modern Slavery Risk Assessment
- developed a standalone Modern Slavery Policy that include high-level targets, aligning to the GRS and the Commissioner's policy template
- drafted a Modern Slavery Risk Management Plan, which makes broad assignments of tasks to roles and operationalises the commitments made in the CSO Modern Slavery Policy – the plan will be subject to periodic discussion and regular review
- began utilising the NSW Anti-slavery Commissioner's Inherent Risk Identification Tool (IRIT), in accordance with the GRS, to assess our procurement spend to identify and map modern slavery risks at the supply-chain level
- took steps to integrate modern slavery risk into our procurement sourcing strategies by raising awareness of the risks around modern slavery and by promoting use of the IRIT to assess our procurement spend.

The CSO will adopt model contract clause targets and will look to adopt a shared responsibility approach to modern slavery risks as the model clauses are included in the standard NSW Procurement contracts and agreements.

To monitor and evaluate supplier performance relating to modern slavery, the CSO formed an initial view of supply chain risks from the IRIT assessment of procurement spend. The CSO will continue this review and commence evaluation of suppliers in the 'Heightened' category.

The CSO did not develop supplier capabilities relating to modern slavery risks during 2023-24, but we are considering appropriate steps to develop such capabilities.

There were no complaints lodged during the reporting period that related to modern slavery associated with the operations or the goods or services procured.

No modern slavery harms or deficient modern slavery risk management practices were reported in 2023-24.

The CSO did not withdraw from any supplier relationships or business partners in connection to modern slavery risks. We had no cause to terminate any procurement contracts or arrangements on modern slavery grounds during the reporting period.

6. Financial performance

Financial statements

The CSO's financial statements, including the independent auditor's report, are set out on the following pages.

Crown Solicitor’s Office

Annual Financial Statements
for the year ended 30 June 2024



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Crown Solicitor's Office

Financial Statements for the year ended 30 June 2024

Statement by the Crown Solicitor

Pursuant to section 7.6(4) of the *Government Sector Finance Act 2018* (GSF Act), I state that:

- (a) The accompanying financial statements have been prepared in accordance with the Australian Accounting Standards and the applicable requirements of the GSF Act, the Government Sector Finance Regulation 2018 and the Treasurer's directions, issued under the GSF Act,
- (b) present fairly the agency's financial position, financial performance and cash flows, and
- (c) there are no circumstances that render any particulars included in the financial statements to be misleading or inaccurate.



Karen Smith
Crown Solicitor
27 September 2024

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

NSW Crown Solicitor's Office

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the NSW Crown Solicitor's Office (the Office), which comprise the Statement by the Crown Solicitor, 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 Information and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2024* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Office's financial position, financial performance and cash flows

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 Office 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.

Independent Auditor's Report (continued)

The Crown Solicitor's Responsibilities for the Financial Statements

The Crown Solicitor is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and Treasurer's Directions. The Crown Solicitor's responsibility also includes such internal control as the Crown Solicitor determines 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 Crown Solicitor is responsible for assessing the Office'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 Office 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.



Jan-Michael Perez
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

30 September 2024
SYDNEY

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)	65,550	59,665	58,675
Operating expenses	2(b)	15,471	14,179	15,072
Depreciation and amortisation	2(c)	6,457	3,944	3,986
Finance costs	2(d)	-	-	113
Total expenses excluding losses		87,478	77,788	77,846
Revenue				
Sale of goods and services from contracts with customers	3(a)	89,996	78,143	83,272
Investment revenue	3(b)	1,243	-	700
Other revenue	3(c)	86	-	324
Acceptance by the Crown of employee benefits	3(d)	61	254	218
Total revenue		91,386	78,396	84,514
Operating result		3,908	608	6,668
Losses on disposal	4	(1)	-	(6)
Net result		3,907	608	6,662
Other comprehensive income		-	-	-
Total other comprehensive income		-	-	-
Total comprehensive income		3,907	608	6,662

The accompanying Notes form part of these financial statements.

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	31,962	22,098	22,868
Receivables	8	26,735	26,754	26,773
Contract assets	9	7,506	6,352	6,352
Other current assets	13	9,102	9,095	9,095
Total current assets		75,305	64,299	65,088
Non-current assets				
Plant and equipment	10			
- Plant and equipment		720	645	433
- Leasehold improvements		7,168	7,279	9,205
Total plant and equipment		7,888	7,924	9,638
Intangible assets	12	8,038	9,607	9,806
Other non-current assets	13	1,011	899	899
Total non-current assets		16,937	18,430	20,343
Total assets		92,242	82,729	85,431
Liabilities				
Current liabilities				
Payables	14	10,489	6,767	7,301
Provisions	16	19,986	18,066	19,744
Total current liabilities		30,475	24,833	27,045
Non-current liabilities				
Provisions	16	4,571	2,912	2,912
Total non-current liabilities		4,571	2,912	2,912
Total liabilities		35,046	27,746	29,957
Net assets		57,196	54,983	55,474
Equity				
Accumulated funds	17	57,196	54,983	55,474
Total equity		57,196	54,983	55,474

The accompanying Notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2024

	Notes	Accumulated funds \$'000
Balance at 1 July 2023		55,474
Net result for the year		3,907
Other comprehensive income		-
Total other comprehensive income		-
Total comprehensive income for the year		3,907
Transactions with owners in their capacity as owners		
Distribution payable to the Crown	5	(2,185)
Balance at 30 June 2024		57,196

		Accumulated funds \$'000
Balance at 1 July 2022		51,590
Net result for the year		6,662
Other comprehensive income		-
Total other comprehensive income		-
Total comprehensive income for the year		6,662
Transactions with owners in their capacity as owners		
Distribution payable to the Crown	5	(2,778)
Balance at 30 June 2023		55,474

The accompanying Notes form part of these financial statements.

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		(64,397)	(59,411)	(57,754)
Suppliers for goods and services		(12,688)	(14,692)	(18,047)
Finance costs		-	-	-
Total payments		(77,085)	(74,103)	(75,801)
Receipts				
Legal fees from clients		89,015	78,143	84,681
Interest received		1,243	-	700
Other		85	-	325
Total receipts		90,343	78,143	85,706
Net cash flows from operating activities	21	13,258	4,040	9,905
Cash flows from investing activities				
Purchase of plant and equipment		(661)	(931)	(200)
Purchase of intangible assets		(725)	(1,100)	(1,073)
Net cash flows from investing activities		(1,386)	(2,031)	(1,273)
Cash flows from financing activities				
Financial distribution to the Crown	5	(2,778)	(2,778)	(753)
Net cash flows from financing activities		(2,778)	(2,778)	(753)
Net increase in cash and cash equivalents		9,094	(769)	7,879
Opening cash and cash equivalents		22,868	22,868	14,989
Closing cash and cash equivalents	7	31,962	22,098	22,868

The accompanying Notes form part of these financial statements.

1. Statement of material accounting policy information

(a) Reporting entity

The Crown Solicitor's Office (CSO) is a NSW government entity and is controlled by the State of New South Wales, which is the ultimate parent. Although the CSO is managed under the Commercial Policy Framework and is required to deliver a surplus from non-core work for which it competes with the private sector, see Note 5, the majority of the CSO's revenue is from core legal work delivered on a cost recovery basis only. Accordingly, the CSO is classified as a not-for-profit entity (as profit is not its principal objective). The CSO has no cash generating units.

These financial statements for the year ended 30 June 2024 have been authorised for issue by the Crown Solicitor on the date the accompanying statement was signed.

(b) Basis of preparation

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

- Applicable Australian Accounting Standards (AAS) (which include Australian Accounting interpretations);
- The requirements of the GSF Act; and
- Treasurer's Directions issued under the GSF Act.

Plant and equipment are measured using the fair value basis. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

Judgements, key assumptions and estimations that 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, which is the CSO's presentation and functional currency.

The financial statements have been prepared on a going concern basis.

(c) Statement of Compliance

The Financial Statements and Notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) 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 CSO 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. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(e) Comparative information

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

(f) Changes in accounting policy, 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. Amendments and interpretations apply for the first time in 2023-24, however have been assessed by CSO and do not have a material impact on the financial statements.

(ii) Issued but not yet effective

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

The following new AAS have not been applied and are not yet effective, as per NSW Treasury Policy and Guidelines TPG24-05 *Mandates of options and major policy decisions under Australian Accounting Standards*:

AASB 17 Insurance Contracts

AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between Investor and its Associate or Joint Venture

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

AASB 2021-7c Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback

AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants

AASB 2022-9 Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector

AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial

Assets of Not-for-Profit Public Sector Entities AASB 2023-1 Amendments to Australian Accounting Standards – Supplier Finance Arrangements

AASB 2023-3 Amendments to Australian Accounting Standards – Disclosure of Non-current Liabilities with Covenants: Tier 2

AASB 2023-5 Amendments to Australian Accounting Standards – Lack of Exchangeability

The CSO has assessed the impact of the new standards and interpretations on issue but not yet effective where relevant and considers the impact to be not material.

(g) Impact of climate-related matters on financial reporting for 2023-24

CSO has no assets or liabilities which are likely to be affected by write-offs or impairments.

CSO does not anticipate any material climate-related financial risks or opportunities over the reporting period. CSO is monitoring developments in climate-related matters for future impacts on revenue and costs.

2. Expenses excluding losses**(a) Employee-related expenses**

	2024	2023
	\$'000	\$'000
Salaries and wages (including annual leave)	55,109	49,350
Superannuation - defined benefit plans	58	207
Superannuation - defined contribution plans	5,220	4,437
Long service leave	1,436	1,299
Workers compensation insurance	448	496
Payroll tax and fringe benefit tax	3,279	2,886
	65,550	58,675

(b) Operating expenses

	2024	2023
	\$'000	\$'000
Auditor's remuneration		
- audit of the financial statements	81	77
- audit of the Trust Account	11	11
Computer services and equipment	293	242
Consultants	0	45
Contractors	1,413	1,624
Efficiency dividend	1,768	1,725
Fees – archive	382	445
Fees – shared services agreement	2,370	2,032
Insurance	130	108
Occupancy management fees	410	117
Outgoings and cleaning	247	281
Printing	219	451
Professional fees and membership	218	214
Publications and subscriptions	544	522
Rent expense	5,628	5,402
Repairs and routine maintenance*	648	511
Security	128	163
Staff training	344	259
Telephone and data	70	340
Other operating expenses	567	503
	15,471	15,072

* Reconciliation - Total maintenance

Maintenance expense - contracted labour and other (non-employee related) as above

Total maintenance expenses included in Note 2(b)

648 511

648 511

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 a part or component of an asset, in which case the costs are capitalised and depreciated.

Insurance

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

Fees – shared services agreement

Shared services charges from the Department of Communities and Justice in the areas of payroll, information and technology systems support and library services are recognised as expenses as incurred over the agreement duration.

Rent expense

From 1 July 2023, accommodation charges are recognised as expenses as incurred over the agreement duration.

(c) Depreciation and amortisation

	2024 \$'000	2023 \$'000
Depreciation		
Plant and equipment	380	631
Leasehold improvements	3,584	1,919
Total depreciation	3,964	2,550
Amortisation		
Intangible assets	2,493	1,436
Total amortisation	2,493	1,436
Total depreciation and amortisation	6,457	3,986

Refer to Notes 10, 11 and 12 for recognition and measurement policies on depreciation and amortisation.

(d) Finance costs

	2024 \$'000	2023 \$'000
Unwinding of discount and effect of changes in discount rate on make good provisions	-	113
	-	113

Recognition and measurement

Finance costs consist of the unwinding of the discount rate for the make good provision.

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 as defined by AASB 15 Revenue from Contracts with Customers. Comments regarding the accounting policies for the recognition of income are discussed in the following paragraphs below.

(a) Sale of goods and services from contracts with customers

	2024	2023
	\$'000	\$'000
Rendering of services – legal fees from contracts with customers	89,996	83,272
	<u>89,996</u>	<u>83,272</u>

Recognition and measurement

The CSO's primary revenue-generating activity is the provision of legal services to NSW Government agencies and other approved bodies.

Revenue from rendering of services is recognised when the CSO satisfies performance obligations by transferring the promised legal services. The CSO typically satisfies its performance obligations over time as services are rendered and time is incurred. It is assessed that another legal firm would not have to substantially re-perform the work completed by the CSO to date, as the client effectively gains control of the services as the CSO performs its obligations. The CSO's performance under a contract does not create an asset with an alternative use to the CSO due to the highly specialised nature of the work it performs.

Revenue is recognised under the output method. The CSO recognises the revenue to which it has a right to invoice, in the amount that corresponds directly with the value to the client of the CSO's performance completed to date. Revenue is recognised as time is incurred. Payments are typically due once accrued fees reach \$1,000 or more, or every three months, whichever comes first.

The revenue is measured using the applicable hourly rate specified in the contracts. No element of financing is deemed present as payments are due when service is provided.

The CSO pays disbursements on behalf of clients, while providing legal services. No economic benefits flow to the CSO as the amounts are reimbursed at cost. As a result, legal disbursements are not recognised in the CSO's Statement of Comprehensive Income.

CSO clients and funding panels may receive funding under appropriations from the Consolidated Fund. Appropriations for each financial year are set out in the Appropriation Act for that year.

(b) Investment revenue

	2024	2023
	\$'000	\$'000
Interest income	1,243	700
	1,243	700

Recognition and measurement***Interest income***

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

(c) Other revenue

	2024	2023
	\$'000	\$'000
Insurance refunds	12	6
Other services provided	74	318
	86	324

Recognition and measurement***Other services provided***

Other services provided comprise monies received from outside entities not categorised in the revenue headings above. The revenue is recognised when the CSO satisfies a performance obligation by transferring a promised service to a customer. The revenue is recognised at the amount of the transaction price that is allocated to the performance obligation.

(d) Acceptance by the Crown of employee benefits

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

	2024	2023
	\$'000	\$'000
Superannuation – defined benefit	61	218
	61	218

Refer to Note 16 for recognition and measurement policies on employee benefits

4. Losses on disposal

	2024	2023
	\$'000	\$'000
Plant and equipment	1	6
	1	6

5. Financial distribution to the Crown in right of the State of NSW ('Crown')

As a government business operating under the Commercial Policy Framework, the CSO is required to make a financial distribution to owners. The CSO provides for the financial distribution on the basis of a payout ratio of 70% of the CSO's forecast distributable operating surplus for the year as at 30 April. This is the forecast net operating surplus before adjustments for material non-cash items. The operating surplus is generated mainly from legal work for which the CSO competes against the private sector. This distribution is in accordance with TPG21-10 *Capital Structure and Financial Distribution Policy for Government Businesses*. The amount due is recognised in the year to which it relates, even though payment is made in the following year. A provision for a distribution payment of \$2.185m (2022-23: \$2.778m) has been recognised this year in accordance with the Treasurer's approval.

6. Disaggregated disclosure statements

The CSO has one major activity – the provision of legal services to the NSW Government. The Crown Solicitor must be engaged by government agencies to perform core legal services described in Premier's Memorandum 2016-04. The CSO also competes with the private legal profession for non-core (general) legal work.

The expenses, revenues, assets and liabilities of this activity are presented in these financial statements.

7. Current assets – cash and cash equivalents

	2024	2023
	\$'000	\$'000
Cash at bank and on hand	31,962	22,868
	31,962	22,868

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank and cash on hand.

Cash and cash equivalent assets recognised are the same in both the Statement of Financial Position and Statement of Cash Flows.

Refer Note 23 for details regarding credit risk and market risk arising from financial instruments.

8. Current assets – receivables

	2024 \$'000	2023 \$'000
Current receivables		
Trade receivables from contracts with customers	24,316	24,925
Less: Allowance for expected credit losses		
- Trade receivables from contracts with customers	-	-
	24,316	24,925
Prepayments	603	594
Secondment income receivable	18	52
Recoverable disbursements	1,764	1,164
Long service leave recoverable	34	38
	26,735	26,773

Details regarding credit risk of trade debtors that are neither past due nor impaired are disclosed in Note 23.

Recognition and measurement

The CSO recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. To determine when it becomes a party to the contractual provisions of the instrument, the CSO considers:

- Whether it has a legal right to receive cash (financial asset) or a legal obligation to pay cash (financial liability); or
- Whether at least one of the parties has performed under the agreement.

All 'regular way' purchases or sales of financial asset are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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.

The CSO assessed the loss allowance for receivables as at 30 June 2024 and 30 June 2023 to be \$nil.

Subsequent measurement

The CSO 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

Receivables are subject to an annual review for impairment. The CSO 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 CSO expects to receive, discounted at the original effective interest rate. The amount of impairment loss is recognised in the net result for the year.

For trade receivables, the CSO applies a simplified approach in calculating ECLs by recognising a loss allowance based on lifetime ECLs at each reporting date. As at

30 June 2024 and 30 June 2023, no impairment is recognised as the credit risk for trade receivables has not increased since initial recognition.

Recoverable disbursements

Recoverable disbursements are legal disbursements incurred on behalf of clients that will be reimbursed at cost by clients and which remain unbilled as at balance date.

9. Contract assets

	2024 \$'000	2023 \$'000
Contract assets – current	8,333	7,053
Less: impairment allowance	(827)	(701)
	<u>7,506</u>	<u>6,352</u>
Contract receivables (included in Note 8)	<u>24,316</u>	<u>24,925</u>

Recognition and measurement

Contract assets relate to the CSO's right to consideration in exchange for legal services rendered, but not billed at the reporting date in respect of its contracts with clients. Contract assets arise because revenue is recognised as time is incurred while payments are typically due once accrued fees reach \$1,000 or more, or every three months, whichever comes first. Contract assets are assessed annually and not carried at an amount that exceeds its net recoverable amount. The current balance is within normal expectations.

The CSO recognises revenue to which it has a right to invoice, in the amount that corresponds directly with the value to the client of the CSO's performance completed to date therefore no revenue will be recognised in the current year from performance obligations satisfied in previous periods. CSO services are contracted on the basis of a cost estimate not a fixed price and without a fixed time period. Therefore, it is not possible to quantify the transaction price allocated to the remaining performance obligations from contracts with customers.

10. Plant and equipment

	Plant and equipment \$'000	Leasehold improvements \$'000	Total \$'000
At 1 July 2022 – fair value			
Gross carrying amount	2,095	17,894	19,989
Accumulated depreciation and impairment	(1,311)	(6,770)	(8,081)
Net carrying amount	784	11,124	11,908
Year ended 30 June 2023			
Net carrying amount at start of year	784	11,124	11,908
Additions	286	-	286
Disposals	(6)	-	(6)
Depreciation expense-asset owned	(631)	(1,919)	(2,550)
Net carrying amount	433	9,205	9,638
At 30 June 2023 – fair value			
Gross carrying amount	1,981	17,894	19,875
Accumulated depreciation and impairment	(1,548)	(8,689)	(10,237)
Net carrying amount	433	9,205	9,638
Year ended 30 June 2024			
Net carrying amount at start of year	433	9,205	9,638
Additions	668	1,547	2,215
Disposals	(1)	0	(1)
Depreciation expense-asset owned	(380)	(3,584)	(3,964)
Net carrying amount	720	7,168	7,888
At 30 June 2024 – fair value			
Gross carrying amount	2,111	19,441	21,552
Accumulated depreciation and impairment	(1,391)	(12,273)	(13,664)
Net carrying amount	720	7,168	7,888

Recognition and measurement

Acquisition of plant and equipment

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

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent; i.e. deferred payment amount is effectively discounted over the period of credit.

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

Capitalisation thresholds

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.

Restoration costs

The present value of the expected cost for the restoration or cost of dismantling an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation of plant and equipment

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 CSO.

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

	2024	2023
	%	%
The depreciation rates used for each class of assets are as follows:		
Computer, voice and data communications equipment	20 - 33	20 – 33
Furniture and fittings	10	10
Other plant and equipment	20	20
Leasehold improvements and make good assets	Over the term of lease	Over the term of lease
Software projects	10% or over the useful life of the asset where that is assessed at < 10 years	10% or over the useful life of the asset where that is assessed at < 10 years

CSO's leasehold improvement and make good assets are depreciated over the term of the lease. This was anticipated to be 10 years (being a 7 year fixed term and a 3 year extension option) until 14 April 2028. On the recommendation of Property and Development NSW (PDNSW), CSO has signed a commitment to relocate office premises with effect from 1 July 2026. As a result the accounting estimate of the useful economic life of the leasehold improvements and make good assets has reduced from 10 years to 8.25 years. The additional depreciation in this reporting period, and subsequent two reporting periods, is \$1.149m per year for leasehold improvements and \$0.187m per year for make good assets.

Revaluation of plant and equipment

Physical non-current assets are valued in accordance with the '*Valuation of Physical Non-Current Assets at Fair Value*' Policy and Guidelines Paper (TPP 21-09) and Treasurer's Direction '*Valuation of Physical Non-Current Assets at Fair Value*' (TD21-05). TD21-05 and TPP21-09 adopt fair value in accordance with AASB 13 *Fair Value Measurement*, AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*.

The CSO's plant and equipment are non-specialised assets with short useful lives. They are measured at depreciated historical cost, which for these assets approximates fair value. The CSO has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

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

Refer to note 23(e)(i) for further information regarding fair value.

Impairment of 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. Since 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 CSO 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 CSO 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 that the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

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 net result and is treated as a revaluation increase. However, to the extent that an impairment loss on the same class of asset was previously recognised in net result, a reversal of that impairment loss is also recognised in net result.

11. Leases

The CSO leases 6 floors under 6 separate leases at 60-70 Elizabeth St, Sydney. The contracts are for fixed periods of 7 years with an extension option of 3 years. The agreements contain a "substitution right" clause for PDNSW to relocate the CSO during the term of the agreement. It is assessed that the clause provides PDNSW with a substantive substitution right. Therefore, these agreements are not accounted for as a lease within the scope of AASB 16.

The CSO 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. The CSO currently has no such leases.

12. Intangible assets

	Software \$'000	Total \$'000
At 30 June 2022		
Cost (gross carrying amount)	13,330	13,330
Accumulated amortisation and impairment	(3,161)	(3,161)
Net carrying amount	10,169	10,169
Year ended 30 June 2023		
Net carrying amount at start of year	10,169	10,169
Additions*	1,073	1,073
Amortisation (recognised in "depreciation and amortisation")	(1,436)	(1,436)
Net carrying amount at end of year	9,806	9,806
At 30 June 2023		
Cost (gross carrying amount)	14,326	14,326
Accumulated amortisation and impairment	(4,520)	(4,520)
Net carrying amount	9,806	9,806
Year ended 30 June 2024		
Net carrying amount at start of year	9,806	9,806
Additions**	725	725
Amortisation (recognised in 'depreciation and amortisation')	(2,493)	(2,493)
Net carrying amount at end of year	8,038	8,038
At 30 June 2024		
Cost (gross carrying amount)	15,051	15,051
Accumulated amortisation and impairment	(7,013)	(7,013)
Net carrying amount	8,038	8,038

* Additions totalling \$1.073m in FY23 includes \$0.1m of cost associated with the Practice Management System held in Work in Progress.

** Additions totalling \$0.725m in FY24 includes amounts held in Work in Progress as follows: \$0.358m for costs relating to the Content Manager upgrade and \$0.012m for costs associated with the Practice Management System.

Recognition and measurement

Intangible assets are recognised only if it is probable that future economic benefits will flow to the CSO 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. If there is no active market, the assets are carried at cost less any accumulated amortisation and impairment losses. As there is no active market for CSO's intangible assets they are carried at cost less any accumulated amortisation and impairment losses.

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. The CSO's intangible assets are amortised using the straight-line method over a period ranging from three to ten 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.

CSO's practice management software Elite is amortised over a 10 year period until 1 December 2029. There was a change in ownership of the company in June 2023. In April 2024, the Elite company advised that the code base for Mattersphere, one of the modules in Elite, will be moved to open source. CSO management assesses that the most cost effective and efficient approach is to migrate the required functionality of Mattersphere to other modules of Elite or separate systems. As a result the accounting estimate of the useful economic life of the Mattersphere asset has reduced from 10 years to 6 years. The asset will be amortised on a straight line basis over the remaining period. The resulting additional amortisation is \$0.892m per year from 2023-24 to 2025-26.

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

13. Current/non-current assets – other

	2024	2023
	\$'000	\$'000
Crown Acceptance of long service leave liability - current	9,102	9,095
Crown Acceptance of long service leave liability – non-current	1,011	899
	10,113	9,994

14. Current liabilities – payables

	2024	2023
	\$'000	\$'000
Accrued salaries, wages and on-costs	1,695	1,494
Creditors	7,648	5,071
Accrued expenses	939	590
GST payable to the Australian Taxation Office	207	146
	10,489	7,301

Details regarding liquidity risk, including maturity analysis of the above payables, are disclosed in Note 23.

Recognition and measurement

Payables represent liabilities for goods and services provided to the CSO 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 the net result when the liabilities are derecognised as well as through the amortisation process.

15. Changes in liabilities arising from financing activities

	Financial distribution payable	Leases	Total liabilities from financing activities
	\$'000	\$'000	\$'000
1 July 2022	753		753
Cash flows	(753)		(753)
Provision for distribution 30 June 2023	2,778	-	2,778
30 June 2023	2,778	-	2,778
1 July 2023	2,778	-	2,778
Cash flows	(2,778)	-	(2,778)
Provision for distribution 30 June 2024	2,185	-	2,185
30 June 2024	2,185	-	2,185

16. Current/non-current liabilities – provisions

	2024 \$'000	2023 \$'000
Current		
Employee benefits and related on-costs		
Annual leave	6,978	6,450
Parental leave	300	-
Long service leave	10,523	10,516
	17,801	16,966
Other provisions		
Distribution to the Crown	2,185	2,778
	2,185	2,778
Total current provisions	19,986	19,744
Non-current		
Employee benefits and related on-costs		
Long service leave	1,152	1,040
	1,152	1,040
Other provisions		
Make good	3,419	1,872
	3,419	1,872
Total non-current provisions	4,571	2,912
Aggregate employee benefits and related on-costs		
Provisions – current	17,801	16,966
Provisions - non-current	1,152	1,041
Accrued salaries, wages and on-costs (Note 14)	1,695	1,494
	20,648	19,501
Movements in provisions (other than employee benefits)		
	Distribution payments	Make good (non-current)
	\$'000	\$'000
Carrying amount at 1 July 2023	2,778	1,872
Additional provisions recognised	2,185	1,547
Change in the discount rate of make good provision	-	-
Amounts paid out	(2,778)	-
Carrying amount at 30 June 2024	2,185	3,419

(a) Annual leave

The liability at 30 June 2024 is based on leave entitlements at 30 June using remuneration rates to be payable post 30 June.

	2024 \$'000	2023 \$'000
Short term – expected to be settled within 12 months	5,463	5,049
Long term – not expected to be settled within 12 months	1,515	1,401
	6,978	6,450

This calculation is based on the current levels of annual leave taken by staff and the minimum required to be taken to achieve the target of 30 days by June 2025.

(b) Long service leave

The current liability comprises:

	2024	2023
	\$'000	\$'000
Short term – expected to be settled within 12 months	1,372	1,007
Long term – not expected to be settled within 12 months	9,151	9,509
	10,523	10,516

The CSO contributed \$1.449m (2023: \$1.544m) to the Crown pool account for this financial year including leave entitlement transfers received from other agencies. Reimbursements from the Crown because of payments to staff or transfers of entitlement to other agencies were \$1.199m (2023: \$1.239m).

Recognition and measurement***Employee benefits and related on-costs******Salaries and wages, annual leave and sick leave***

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

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

Actuarial advice obtained by Treasury has confirmed that 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 CSO has assessed the actuarial advice based on the CSO's circumstances and determined that the effect of discounting is immaterial to annual leave. All annual leave is classified as a current liability even where the CSO does not expect to settle the liability within 12 months as the CSO 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.

Long service leave

The CSO contributes to the Agency Funded Crown LSL Pool and these payments are included in employee-related expenses. The amount of payments expected to be made to the employees is recognised as LSL liabilities and the amounts expected to be reimbursed by the Crown as assets.

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 the Commonwealth government bond rate at the reporting date.

Superannuation assumed by the Crown

The CSO's liability for defined benefit superannuation is assumed by the Crown. CSO 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 of employee benefits'. The superannuation expense for the period 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.

Other provisions

Provisions are recognised when: the CSO 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. When the CSO expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

If the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

(c) Make good

Make good provisions represent estimated restoration costs that the CSO is obliged to incur to restore premises to an acceptable condition as agreed with the owners of the premises, upon expiry of operating lease arrangements. CSO occupies levels 4-9 of 60-70 Elizabeth Street Sydney. Levels 4-9 have been refurbished.

The make good provisions for levels 4-9 have a non-current liability payable at the expiry of the leases. The non-current provision is discounted at 4.18% which is the rate based on the market yield on Commonwealth government bonds as per TPG23-21 *Determining the present value of a provision* and Treasury directives. An increase in the provision due to a change in other assumptions is recognised in the leasehold improvement asset. An increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

(d) Distribution payable to the Crown

A provision for financial distribution to the Crown of \$2.185m (2023: \$2.778m) is made based on the Treasurer's approval dated 27 June 2024 of the Crown Solicitor's recommendation for the 2023-2024 financial year (refer Note 5).

17. Equity

Recognition and measurement

Accumulated funds

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

18. Commitments for expenditure

(a) Capital commitments

	2024 \$'000	2023 \$'000
<i>Aggregate capital expenditure for the purchase of new laptops (2024) and the enhancement of the Practice Management System (2024 & 2023) contracted for at balance date and not yet provided for:</i>		
Within one year	53	263
Later than one year and not later than five years	-	-
Later than five years	-	-
Total (including GST)	53	263

Total commitments for capital expenditure include input tax credits of \$0.005m (2023: \$0.024m) that are expected to be recoverable from the Australian Taxation Office.

19. Contingent liabilities and contingent assets

At the date of this report, there are no current litigations involving the CSO from which a contingent liability or contingent asset may arise (2023: nil).

20. Budget review

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders; or supplementary funding) 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 as follows.

Net result

The net surplus for the year of \$3.907m is \$3.299m higher than budget of \$0.608m. Revenue of \$91.386m is higher than budget of \$78.396m and \$6.872m higher than 2022-23, attributed to the Special Commissions of Inquiry into Healthcare Funding and Wayne Astill, as well as the growth of non-core work.

Employee related expenses are \$5.885m higher than budget as a result of the increased volume of work as a result of the Special Commissions of Inquiry and non-core work. CSO continues to recruit appropriately qualified staff and contractors to ensure that sufficient resources are available to meet client demand whilst maintaining target productivity measures.

Operating expenses are materially aligned with 2022-23 and \$1.292m higher than budget as a result of increased work volumes.

Depreciation and amortisation is \$2.513m higher than budget due to the accelerated depreciation on leasehold improvements and make good assets arising from a commitment to move offices and on the Mattersphere module that will be decommissioned by 2025.

Finance cost for the year are nil (2023: \$0.113m). The make good asset provision increased during 2023-24, due to a change in cost per square metre assumption, and has been recognised in the leasehold improvement asset. In 2022-23, an increase in the provision due to the passage of time (i.e. unwinding of discount rate) was recognised as a finance cost.

Assets and liabilities

Total assets of \$92.242m is higher than budget of \$82.729m. Higher than budgeted revenue and a continued focus on minimising contract assets (unbilled legal work) has resulted in cash and cash equivalents being \$9.864m higher than budget.

Total plant and equipment is in line with budget with additional purchases of computer equipment and an upgrade to the security system offset by the accelerated depreciation on leasehold improvements and make good assets arising from a commitment to move offices.

Total liabilities of \$35.046m are above budget of \$27.746m. Payables are \$3.722m higher than budget due to timing. Current provisions are \$1.920m higher than budget due to the changes in present valuation of long service leave liability driven by Commonwealth government bond rate at the reporting date. The provision for distribution to the Crown Entity is \$1.086m higher than budget due to the net surplus and distribution to the Crown Entity exceeding budget.

Cash flows

Cash and cash equivalents increased by \$9.094m compared to a budgeted decrease of \$0.77m. The variance of \$9.864m is due to higher than budgeted revenue.

21. Reconciliation of operating cash flows to net result

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	2024	2023
	\$'000	\$'000
Net cash flows from operating activities	13,258	9,905
Depreciation and amortisation expense	(6,457)	(3,986)
(Increase)/decrease in provisions	(1,021)	(434)
Decrease in receivables, prepayments and other assets	20	(1,547)
(Increase)/decrease in contract assets	1,154	412
Decrease/(increase) in payables	(3,046)	2,318
Net loss on disposal of assets	(1)	(6)
Net result	3,907	6,662

22. Trust funds

The Crown Solicitor operates a Trust Account in accordance with the *Legal Profession Uniform Law Application Regulation 2015*. As the CSO performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the CSO's own objectives, these funds are not recognised in the financial statements. Interest earned on funds held in the Crown Solicitor's Trust Account is retained by NSW Treasury.

	2024	2023
	\$'000	\$'000
Cash balance at beginning of financial year	6,422	2,468
Add: Receipts	155,602	55,061
Less: Expenditure	(157,462)	(51,107)
Cash balance at end of financial year	4,562	6,422

23. Financial instruments

The CSO's principal financial instruments are outlined below. These financial instruments arise directly from the CSO's operations. The CSO does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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

The Crown Solicitor has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the CSO, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the CSO on a regular basis.

(a) Financial instrument categories

Class	Note	Category	Carrying amount	
			2024 \$'000	2023 \$'000
Financial assets				
Cash and cash equivalents	7	Amortised cost	31,962	22,868
Receivables ¹	8	Amortised cost	26,099	26,142
Contract assets ²	9		7,506	6,352
			65,567	55,362
Financial liabilities				
Payables ³	14	Financial liabilities measured at amortised cost	10,202	7,082
			10,202	7,082

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).

2. While contract assets are also not financial assets, they are explicitly included in the scope of AASB 7 for the purpose of the credit risk disclosures.

3. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

The CSO 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) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the CSO transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- the CSO has transferred substantially all the risks and rewards of the asset; or
- the CSO has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control.

When the CSO has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the CSO has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the CSO's continuing involvement in the asset. In that case, the CSO also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the CSO has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the CSO could be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) 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 CSO. 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 CSO, including cash and receivables. No collateral is held by the CSO. The CSO has not granted any financial guarantees.

The CSO considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the CSO may also consider a financial asset to be in default when internal or external information indicates that the CSO is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the CSO.

Cash and cash equivalents

Cash comprises cash on hand and bank balances within the NSW 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 receivables and contract assets

Collectability of trade receivables is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand.

The CSO applies the AASB 9 *Financial Instruments* simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors and contract assets.

To measure the expected credit losses, trade receivables and contract assets 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 expected changes in economic conditions, debtor credit rates and past experience.

Trade receivables and contract assets 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 90 days past due.

The CSO is not materially exposed to concentrations of credit risk to a single debtor or groups of debtors at 30 June 2024. The CSO's debtors are primarily other NSW government entities and credit risk is assessed as very low.

The loss allowance for trade receivables and contract assets as at 30 June 2024 was nil (2023: nil).

(ii) Liquidity risk

Liquidity risk is the risk that the CSO will be unable to meet its payment obligations when they fall due. The CSO continuously manages risk through monitoring future cash flows, which coordinates the payment of creditors with cash receipts from debtors.

The CSO has effective billing and debtor management policies and procedures in place to maintain levels of debt within established KPIs and to ensure that work in progress is billed in a timely fashion.

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

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12 *Payment of Accounts* and the *Faster Payment Terms* policy. For registered small business suppliers, payment is made within 5 days from date of receipt of a correctly rendered invoice, unless an alternative period is provided. 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. Interest payments for late payments are at the discretion of the Crown Solicitor.

Interest incurred this year was nil (2022-23: nil) and the rate of interest applied during the year was 0% (2022-23: 0%).

The table below summarises the maturity profile of the CSO's financial liabilities based on contractual undiscounted payments, together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

	Weighted average effective interest rate	Nominal amount	\$'000 Interest Rate Exposure			Maturity Dates		
			Fixed interest rate	Variable interest rate	Non-interest bearing	< 1 year	1-5 years	> 5 years
2024								
Payables	-	10,202			10,202	10,202	-	-
		10,202			10,202	10,202	-	-
2023								
Payables	-	7,082	-	-	7,082	7,082	-	-
		7,082	-	-	7,082	7,082	-	-

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the CSO can be required to pay.

(iii) 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 CSO has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the entity 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 reporting date. The analysis is performed on the same basis as for 2023. The analysis assumes that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the CSO's interest bearing assets. The sensitivity analysis is performed based on a reasonably possible change of +/- 1.00 per cent (2023: +/- 1.00%), consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

	2024 \$'000		2023 \$'000	
	+1.00%	-1.00%	+1.00%	-1.00%
Net result	320	(320)	229	(229)
Equity	320	(320)	229	(229)

(e) Fair value measurement

(i) Fair value compared to carrying amount

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.

The CSO does not hold financial assets and financial liabilities where the fair value differs from carrying amount.

(ii) Fair value recognised in the Statement of Financial Position

Management have assessed that cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their fair values, largely due to the short-term maturities of these instruments.

24. Related party disclosures

The CSO's key management personnel compensation was as follows:

Short term employee benefits:

	2024 \$'000	2023 \$'000
Salaries	2,070	1,437
Other monetary allowances	466	276
Other long-term employee benefits	437	-
Total remuneration	2,973	1,713

The CSO did not enter into any transactions during the year with key management personnel, their close family members or controlled or jointly controlled entities thereof.

The CSO entered into transactions with other entities that are controlled/jointly controlled/significantly influenced by the NSW Government. These transactions in aggregate are a significant portion of the CSO's rendering of services and receiving of services.

The CSO provides legal services to the NSW Government and its agencies. \$61.250m (2023: \$57.772m) of the CSO's fee for service revenue is related to the delivery of

services on core legal matters which must be referred to the Crown Solicitor under the Premier's Memorandum 2016-04. This work is funded from the Attorney General's Legal Fund, an appropriation administered jointly by the Secretary, Department of Communities and Justice (DCJ) and the Crown Solicitor, unless an alternative source of funding is available. The remainder of CSO's revenue for services and other revenue is paid by various NSW government agencies or the Treasury Managed Fund.

The CSO receives shared services from DCJ in the areas of payroll, information and technology systems support and library services. The CSO incurred \$2.510m (2023: \$2.032m) in fees to DCJ for these services.

The CSO resides in leased premises and made payments for rent and outgoings due under the lease to Property NSW. These amounts totalled \$5.906m (2023: \$5.735m).

Other transactions with entities that are controlled/jointly controlled or significantly influenced by the NSW Government that are collectively, but not individually, significant include:

- payments to, and reimbursements from, the Long Service Leave pool in relation to CSO employees
- interest revenue received from the NSW Treasury banking system
- payments to the Government Records Repository for storage of CSO records
- payments to the NSW Treasury Managed Fund for workers' compensation insurance and other insurances

25. Events after the reporting period

No events have occurred between the financial reporting date and the date of these financial statements that require amendment to these financial statements.

End of audited financial statements.



