



Office of
State Revenue

Annual Report 2009–10



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Office of
State Revenue

The Hon. Eric Roozendaal MLC
Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

30 October 2010

Dear Treasurer,

We have pleasure in submitting the Office of State Revenue's Annual Report for the financial year ended 30 June 2010 for presentation to the Parliament of New South Wales in accordance with the *Annual Reports (Departments) Act 1985*.

The report is part of the NSW Treasury Annual Report. A second volume, the Office of Financial Management's Annual Report, contains the consolidated financial statements for both offices.

A third volume contains the financial statements for the Crown Entity and its commercial activities. NSW Treasury is responsible for managing Crown finances, which concern public sector wide assets, liabilities and transactions that are the overall responsibility of government and not individual agencies.

Yours sincerely,

Tony Newbury
Executive Director
and Chief Commissioner
of State Revenue

Michael Schur
Secretary
NSW Treasury

Our Executive Director's overview

While 2009–10 has been a challenging year, it has also been one of real achievement for OSR.



While 2009–10 has been a challenging year it has also been one of real achievement for OSR.

We collected over \$17 billion in tax revenue, up eight per cent on last year. However we continued to see the effect of the economic downturn across our operations. The number of clients paying their taxes and fines by instalment remained higher than normal as we worked with businesses and individuals to accommodate their need for extended payment arrangements during the downturn.

We are committed to improving the quality of service we provide to our clients. During the year, we conducted a survey to measure client satisfaction with our core services. Around 3200 clients responded with 88 per cent of respondents satisfied with OSR's services, and 85 per cent satisfied with the usefulness of our websites. Some clients, however, felt there was scope for improvement in the navigation of our websites and the responsiveness of our telephone enquiry services.

We continued to implement strategies to promote voluntary compliance. We created a new compliance section on our website to increase awareness of our compliance activities. We also published our compliance framework, which is focused on assisting clients to comply with their obligations using targeted education and communication strategies. Our audit and investigation projects focused on areas identified as having higher risks of non-compliance. This year, we identified more than \$322 million in additional revenue through our compliance programs.

We have started publishing the results of recent prosecution cases on our website. In 2009–10, we successfully prosecuted a number of serious breaches of the legislation relating to first home benefits. Judgments obtained included substantial fines, community service orders and good behaviour bonds.

We effectively administered the NSW Housing Construction Acceleration Plan (HCAP), which was introduced from July 2009 to stimulate the construction of new homes by providing a reduction in duty. Under this scheme, we processed 4254 duty concessions valued at \$32 million.

During the year, we reviewed our practices in a number of key areas. We completed a value for money review of our Information and Communications Technology (ICT) to help guide our future investment and spending. We also identified \$1.2 million in savings as part of a sector-wide strategic review of ICT expenditure.

Good project governance is important for OSR to ensure our projects deliver improvements to OSR and provide value for money spent. Successful project delivery has been an ongoing challenge for us. We completed a comprehensive review of our project governance approach, which resulted in the establishment of an Enterprise Project Management Office (EPMO). The EPMO provides project governance support to all significant projects across OSR and ensures accountability for delivery of business benefits, on time and on budget. We have also developed a new project management method based on PRINCE2, a leading international methodology. Our new methodology will make project governance within OSR more efficient and effective and make better use of scarce resources.

We continued to work with other revenue offices on further payroll tax harmonisation initiatives aimed at reducing red tape for businesses operating in more than one jurisdiction. NSW chairs an interjurisdictional payroll tax harmonisation committee, operating on behalf of the Commissioners of all State and Territory revenue offices, to make the administration of payroll tax as seamless as possible.

It has been a busy year for our fines business. We processed 2.8 million penalties and expanded online services to enable clients to lodge court election forms on the web. We increased our involvement in a range of community information days to educate citizens on the fines process. We also worked with the Roads and Traffic Authority (RTA) to tighten laws against companies that fail to nominate drivers responsible for offences in company-owned cars. We successfully prosecuted 106 fail to nominate offences and 20 false nomination offences where individuals falsely nominated another driver for an offence.

From August 2009, fines clients who have an intellectual disability, cognitive impairment or mental illness, are homeless or experiencing acute economic hardship can have their outstanding fines resolved by participating in programs supported by approved organisations or health practitioners. Programs include medical, mental health, drug or alcohol treatments, and counselling, educational, vocational and life skills programs. This is an important social justice program that will assist the most vulnerable members of our community to meet their outstanding fines obligations.

In another initiative to assist the disadvantaged, NSW court fines can be paid by deduction from Centrelink benefits. Under this scheme recipients of Centrelink payments can make an arrangement to have an agreed amount deducted from their benefits until the debt is cleared without additional enforcement costs.

In consultation with the RTA we introduced a new service where people with licence or registration restrictions as a result of unpaid fines can have the sanctions lifted by paying their outstanding fines at an RTA office instead of at State Debt Recovery Office (SDRO). This has reduced significantly the red tape associated with having vehicle restrictions lifted.

Integrity is one of OSR's core values and this year we introduced an independent service to allow staff to anonymously report fraud and corruption, unethical behaviour and discrimination. This year we also focused on expanding the capabilities of our people and creating a more flexible workforce. This will help us to be responsive to the changing needs of our clients and the challenges associated with increasing work volumes.

Looking forward

In 2010–11, we will implement strategies to meet the expected increase in work volumes as a result of the government's road safety program. We will focus on increasing the effectiveness of our compliance and debt recovery activities, and continue implementing recommendations from the value for money review of our ICT services. We will implement our new Fines Enforcement System (FES), which will significantly increase our capacity to process and enforce fines correctly and on time.

In response to feedback from our client survey we will improve our websites and the accuracy and timeliness of our telephone enquiry services.

Next year is the final year of our 2011 Strategic Plan and we are well on track to meeting our strategic goals and vision. We will soon commence work on developing our new strategic plan.

Finally, I would like to thank my fellow Directors and all our staff for their efforts, support and commitment to ensuring OSR proudly delivers public value through fair and progressive services.



Tony Newbury

Executive Director and Chief
Commissioner of State Revenue

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Our history

Look out for this icon for information on significant events in our history.



More information

Look out for this icon to find more information at:

www.osr.nsw.gov.au

Our organisation

About us

NSW Treasury has two arms – the Office of State Revenue (OSR) and the Office of Financial Management (OFM).

This Annual Report looks at the performance and achievements of OSR against our strategic goals.

At OSR, we administer State taxation and revenue programs for and on behalf of the people of NSW. We collect revenue and outstanding fines, help develop policy and implement legislation. The revenue we collect is used to fund schools, hospitals and other public services for the people of NSW. We also administer grants and subsidies to provide valuable assistance to families and enterprises across NSW.

Our purpose

To ensure revenue compliance to help fund the future for the people of NSW.

Our vision

Proudly delivering public value through fair and progressive services.



Our values

We strive for excellence in the delivery of services by always applying our values of:

Responsiveness – we anticipate and respond appropriately

Integrity – we always do the right thing

Teamwork – we work together to get the best results

Achievement – we get the job done.

Our strategic goals

We have identified our priority actions and performance measures to track progress as:

Value for money – ensure we deliver value for money across all our operations

Compliance – ensure the integrity of the NSW tax, fines and benefits systems through effective compliance

Systems and processes – ensure effective and efficient systems and processes to underpin the delivery of our services

Clients – make it easier to do business with us

Stakeholders – build strong relationships to deliver public value

People and technical excellence – ensure an organisation of capable, adaptable and engaged people.

Our year

People – we employed 1160 Full Time Equivalent staff across all offices. Almost 78 per cent of our staff were employed in operational areas, including SDRO.

Performance – we collected over \$17 billion in revenue, up eight per cent from last year. The main increase in revenue was from duties. We also collected penalty and enforcement orders to the value of \$292 million for the Crown and \$194 million on behalf of other organisations. We distributed over \$702 million in first home benefits, a decrease of four per cent on last year. Benefits were down this year principally due to changes in the range of first home benefits available.

Services – we saw a greater use of our online services, with an eight per cent increase in the number of land tax clients lodging a registration or variation return online. The number of complaints received across the business decreased by over 67 per cent.

Governance – the Executive Director, supported by five directors, is responsible for the management and direction of operations, and the setting of our strategic and corporate agenda.

Our organisation

Our corporate structure and organisational functions

NSW Treasury

Promotes excellence in State financial management.



Treasurer

The Hon. Eric Roozendaal
BA, LLB, MLC



Secretary

Michael Schur
M Sc (Econ), M Comm (Econ)

Office of State Revenue

Collects revenue due and outstanding fines, distributes grants and subsidies, and administers revenue laws for the benefit of the people of NSW.



Executive Director and Chief Commissioner of State Revenue

Tony Newbury
B Com



Revenue Advisory Services Director and Commissioner of State Revenue

Anthony Johnston
BA, LLM



Chief Operating Officer

Peter Steele
B Eng, M Eng Sc, FAICD



State Debt Recovery Office Director

Mick Mioduszewski
B App Sc (Comp Sc), MBA, FAICD



Chief Information Officer

David Kennedy
MBA, MACS, MAICD



Management Services Director

Dianne Barden
B Sc (Hons)

Executive

- coordinates responses to ministerial enquiries and correspondence
- manages corporate governance activities, including internal audits and reviews
- undertakes business process improvement reviews
- monitors the efficiency and effectiveness of our processes and manages the maintenance of our ISO 9001 certification.

Business areas:

Corporate Governance;
Ministerial and Executive Services.

Revenue Advisory Services

- provides advice to the Treasurer and government and formulates policy, legislation and State tax revenue rulings
- processes objections and prepares cases on appeal
- provides technical advice and training to clients and staff.

Business areas:

Advisory; Policy and
Legislation; Review.

Operations

- provides tax assessing and revenue collection, and delivers client enquiry and education services at regional and metropolitan locations
- administers first home benefits and unclaimed money payments
- researches, develops and implements programs to encourage better compliance
- detects non-compliance and underpayments through audit and investigation
- enforces lodgement of returns from defaulting taxpayers
- recovers outstanding debts for all revenue bases.

Business areas:

Tax Call Centre; Land Tax;
Duties; Returns, Claims and
Grants; Compliance Audit; Debt
Management; Analytics.

State Debt Recovery Office

- provides fine processing services to government, semi-government and local government agencies and enforces fines owed to the government and commercial clients
- processes penalty notices for all red light and speed camera-detected offences as part of the government's road safety programs
- advises the RTA of all demerit point offences to update driver records.

Business areas:

Business Integrity and Development;
Business Relationships and
Development; Client Services;
Operations.

Information Services

- provides management of ICT systems, including computing infrastructure, information storage and networks
- maintains, develops and supports reliable, effective and responsive computer facilities and applications.

Business areas:

Applications; Infrastructure;
Security, Operations and Risk.

Management Services

- provides financial and revenue accounting services
- guides corporate planning and provides information analysis
- delivers human resources services including Equal Employment Opportunity (EEO) and the Multicultural Policies and Service Program
- provides governance for projects
- provides corporate communications
- coordinates and manages contracts and procurement, records, facilities and business continuity.

Business areas:

Business Services; Communications;
Corporate Strategy; Finance;
Human Resources.

Our organisation

The NSW State Plan: Improving services for the people of NSW

The NSW State Plan, 'Investing for a better future', sets out the Government's key priorities over the coming years to ensure the NSW public sector delivers the best possible services for the people of NSW.

“

By providing effective revenue administration, with an appropriate focus on compliance, we help the NSW Government maintain its AAA rating and fund a wide range of essential government services.

”

How we are contributing

By providing effective revenue administration, with an appropriate focus on compliance, we help the NSW Government maintain its AAA rating and fund a wide range of essential government services. Through our administration of fines, we contribute to road safety.

State Plan Priority

AAA rating maintained

- collecting all due revenue
- conducting compliance activities to maximise due revenue.

Reduce re-offending

- issuing and processing fines on behalf of the Crown and NSW commercial clients.

Improve road safety

- issuing and processing fines on behalf of the RTA.

Cut red tape

- harmonising taxes and fines with other State jurisdictions
- working with clients to reduce red tape
- participating in the National e-Conveyancing project
- simplifying forms and processes
- using a greater range of technology and electronic services to improve convenience for clients.



1987

NSW enacts legislation for the reciprocal exchange of confidential information with other States and Territories, and enforcement of other States' and Territories' taxation laws.

1988

The Department of Finance becomes the Office of State Revenue, NSW Treasury on 1 April 1988. OSR and OFM together form the NSW Treasury.



More information:

<http://www.nsw.gov.au/stateplan>

Community results: Our results and services plan

State Plan objective	Delivering better results for the NSW community from government services					
Vision	Proudly delivering public value through fair and progressive services					
Purpose	To ensure revenue compliance to help fund the future for the people of NSW					
Strategic goals	Value for money	Compliance	Systems and processes	Clients	Stakeholders	People and technical excellence
Planned results	All due revenue is collected		All fines are processed and enforced correctly and on time		Eligible applicants receive their benefits	
Planned intermediate results	People pay their taxes	Tax evaders are caught	Unpaid liabilities are identified and recovered	Outstanding fines are recovered	People receive their benefits	Ineligible claims are not paid
<div>↓</div> <div>↓</div> <div>↓</div> <div>↓</div> <div>↓</div> <div>↓</div>						
Planned intermediate results	People know what to pay	Tax liabilities are identified	People know what to pay	Enforcement action is taken against clients with outstanding fines	People get the right information	Fraudulent claims are identified
	We make it easy to pay		We make it easy to pay		People can make claims	
Service groups	Revenue administration services		Infringement processing and fine enforcement management		Benefits services	
Planned services	<ul style="list-style-type: none">develop policy and legislationprovide information, education and advice on taxes and dutiesregister and maintain client informationmanage client enquiries through multiple service channelsmaintain client accounts (payment processing, refunds, returns, transfers, adjustments, etc)assess liabilityconduct compliance activities (case management, audit, investigations, research, data matching, etc)manage and collect debtprocess objections and appeals.		<ul style="list-style-type: none">issue and process infringements on behalf of the Crown and commercial clients in NSWundertake fine enforcement on behalf of the Crown and other government agenciesmanage client enquiriesprocess paymentsprocess appealsconduct compliance activities (data analysis, investigations, etc)educate and inform clients and representative groups.		<ul style="list-style-type: none">provide information, education and advice on benefits availableregister and maintain client informationprocess returns, claims and applicationsadminister payments relating to the unclaimed money program, First Home Owner Grant Scheme, First Home Plus, GST rebate, First Home Plus One Scheme and petroleum subsidiesconduct compliance activities (case management, audit, investigations, data matching, etc)process appealsmanage and collect debtprosecute fraudulent claims.	
Enablers	IT services and support, financial management, corporate information and reporting, research and planning, business process improvement, human resources, learning and development, communications, business services, risk management, security, project management, quality and internal audit.					

Our achievements

2009–10 at a glance

This year has been a year of significant achievements and some challenges.

Some of our key achievements categorised by our strategic goals are:

Value for money

- developed our continuous improvement methodology (p. 34)
- completed a value for money review which highlighted the efficiency and effectiveness of our ICT functions (p. 45)
- identified \$1.2 million in ICT cost savings for 2010–11 as part of the whole of government ICT review (p. 45)
- automated processing of statutory declarations, allowing 40 per cent of vehicle-related driving offences to transfer liability without manual intervention. (p. 38)

Compliance

- collected more than \$17 billion in revenue (p. 18)
- identified over \$322 million in additional revenue through compliance projects across all revenue bases (p. 23)
- developed targeted up-front communication and education programs to assist clients in understanding their obligations (p. 32)
- created a new compliance section on our OSR website to increase client awareness of both tax and benefit compliance activities (p. 17)

- implemented a new landholder model which imposes duty on the acquisition of a significant interest in a company or trust that owns land worth more than \$2 million in NSW (p. 68)
- introduced general anti-avoidance provisions for duties, reducing avoidance practices (p. 68)
- successfully prosecuted 106 'fail to nominate' offences and 20 'false nomination' offences with penalties ranging from \$150 to \$11 000. (p. 28)

Systems and processes

- increased SDRO work items processed per hour by 18 per cent and reduced the error rate by implementing a new adjudication system (p. 29)
- developed a project governance model to improve corporate project outcomes (p. 17)
- introduced improved processing capability for notifications of fines, reducing red tape and manual processing of penalty notices (p. 45)
- implemented changes to the fines system in preparation for the rollout of the RTA's new safety cameras (p. 29)
- introduced enterprise reporting to consolidate our databases and improve the availability and performance of our management reporting. (p. 17)

Clients

- collaborated with the Administrative Decisions Tribunal (ADT) to introduce preliminary conferences for appeal matters to help resolve issues without the need for litigation (p. 25)
- harmonised payroll tax client education and seminar information with Victoria and Queensland under the Payroll Tax Harmonisation Program (p. 72)
- reduced red tape for employers operating across States by conducting joint audits with Victoria as part of payroll tax harmonisation (p. 38)
- redesigned our penalty notices with clearer explanations and safety messages (p. 26)
- expanded involvement in fines-related community forums, particularly assisting clients in Aboriginal communities (p. 37)
- worked with the Department of Justice and Attorney General to implement guidelines and cautions for the Work and Development Order (WDO) trial (p. 29)
- enabled clients to lodge court elections online through our SDRO website. (p. 37)

Stakeholders

- improved our processes and client service resulting in a significant reduction in the number of complaints received (p. 41)
- all OSR legislation passed through both Houses of Parliament without amendment (p. 68)
- received the 2010 Loyal Industry Partner Award from the University of Western Sydney (UWS), in recognition of our ongoing participation in education programs (p. 43)
- conducted State-wide commercial client forums attended by 90 SDRO client agencies. (p. 37)

People and technical excellence

- launched an internal e-learning system, 'LEAPonline', with 951 e-learning sessions undertaken in the first 10 months (p. 43)
- reviewed and issued a revised Code of Conduct that addresses our values and major areas such as working in government, working with colleagues and personal behaviour (p. 15)
- developed and delivered a leadership program for the 2009 Succession Planning Program (SPP) in partnership with Swinburne University (p. 42)
- developed the Spring Health Fair and Winter Wellbeing Program, with over 1000 staff participating in different activities and sessions (p. 44)
- implemented 'OSR In Confidence' to enable staff to anonymously report fraud, unethical behaviour and discrimination. (p. 16)



**Next year,
we will build
on our past
achievements to
achieve our goals**



Key challenges faced

We faced a number of challenges this year for which appropriate strategies were developed, including:

- delays to the implementation of FES, a major IT project
- completing our Standard Business Reporting (SBR) payroll tax interface within a short time frame for release in the 2010–11 financial year
- collecting debt in the tight credit environment following the global financial crisis
- administering an increase in applications for first home benefits without an increase in resources.

The year ahead

Next year, we will build on our past achievements to achieve our goals through:

- maintaining current levels of Information Technology (IT) service while reducing IT expenditure by five per cent this year and 10 per cent in 2010–11 as part of the whole of government ICT review
- increasing online services for SDRO clients
- developing consistent payroll tax training and client education material across jurisdictions by 1 October 2010
- addressing the growth of activity resulting from the RTA's new safety and mobile speed cameras
- applying the new laws to be introduced on 1 July 2010 under the *Government Information (Public Access) Act 2009*.

Our achievements

Key performance indicators

Our key performance indicators (KPIs) show how well we have performed. This year, we improved our targets on 13 of the 19 KPIs and achieved the same or better results from the previous years for 11 of the KPIs.

These results also reflect our commitment to achieving our corporate objectives.

	Target	2009–10 results	2008–09 results	2007–08 results
Targets achieved				
Cost to collect \$100 (tax)	≤\$0.61	\$0.55	\$0.60	\$0.59
OSR Shared Corporate Services ratio	≥20:1	20.08:1	20.44:1	n/a
Total overdue tax debt as a percentage of total tax revenue	≤1.50%	1.40%	1.57%	1.0%
Percentage of payroll tax returns received on time from monthly/annual lodgers	≥85%	89%	89%	82%
Percentage of payment transactions received electronically (tax)	≥74%	88%	83%	66%
Availability of OSR's external websites (includes tax and fines)	≥99.50%	99.99%	99.92%	99.80%
Stability of OSR systems (percentage of productivity lost due to system outages)	≤1.50%	0.71%	1.13%	1.01%
Percentage of phone calls answered within two minutes (tax)	≥80%	88%	85%	78%
FHOGS payments issued under 10 days from receipt of a completed application	≥95%	96%	96%	95%
Client satisfaction survey – percentage of stakeholders satisfied with OSR	≥75%	78%	85%	n/a
Percentage of Ministerials completed within 21 days	≥80%	96%	96%	89%
Percentage of staff with accumulated recreational leave over 40 days	≤1.0%	0.7%	0.5%	1.2%
Percentage of training requirements met	≥90%	96%	91%	93%
Targets not achieved				
Cost to collect \$100 (fines)	≤\$11.21	\$11.70	\$12.21	\$10.80
Percentage of penalty notices finalised	≥77%	73%	74%	77%
Percentage of phone calls answered within two minutes (fines)	≥72%	52%	69%	n/a
Percentage of objections allowed/ partly allowed	≤35%	36%	33%	31%
Staff satisfaction survey – percentage of staff who feel OSR has a strong ethical culture	≥95%	85%	96%	n/a
Year-to-date sick leave days taken per average Full Time Equivalent	≤7 days	7.84	7.66 days	7.4 days



OSR staff attend a divisional planning meeting

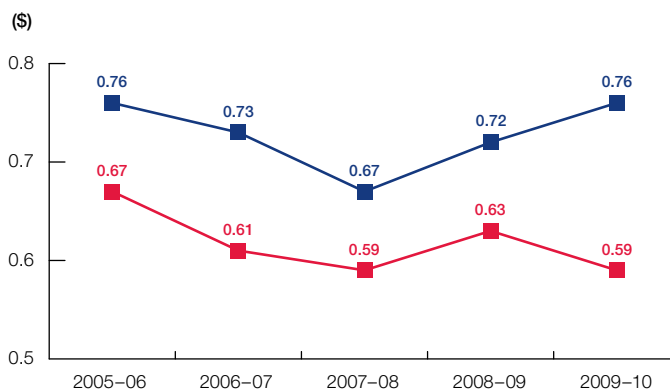
How we compare

Comparison of our performance against the average for all Australian revenue offices

The performance of all State and Territory revenue offices is benchmarked against a number of key nationally agreed performance indicators.

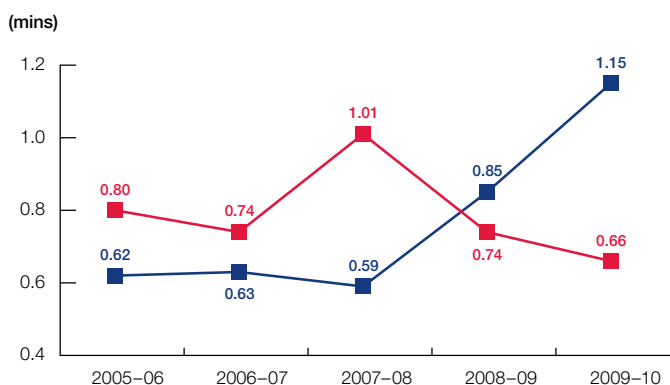
Cost to administer \$100 tax revenue

This measure compares the cost to collect \$100 tax revenue with the associated operating expense.



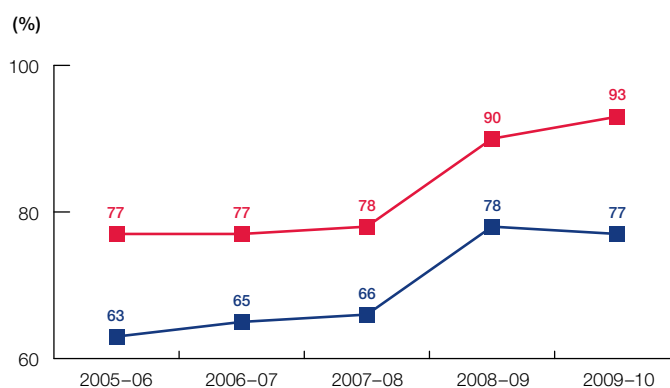
Average telephone queuing time

This measure compares time in minutes spent on average waiting for telephone services.



Revenue received electronically

This measure compares revenue received electronically with total revenue received.



Key: ■ NSW result
■ National mean

Our governance

Legislation we administer

We are responsible for administering the following legislation in NSW:

Betting Tax Act 2001

Commonwealth Places (Mirror Taxes Administration) Act 1998

Duties Act 1997

Fines Act 1996

First Home Owner Grant Act 2000

Gaming Machine Tax Act 2001
(jointly with the NSW Office of Liquor, Gaming and Racing)

Health Insurance Levies Act 1982

Insurance Protection Tax Act 2001

Land Tax Act 1956

Land Tax Management Act 1956

Payroll Tax Act 2007

Petroleum Products Subsidy Act 1997 (subsidy abolished from 30 June 2009, Act repealed 1 July 2010)

Taxation Administration Act 1996

Unclaimed Money Act 1995

SDRO, a division of OSR, administers fines and collects revenue under a range of legislation including the *Road Transport (General) Act 2005* for Crown and commercial clients.

OSR also collects revenue under the *Parking Space Levy Act 2009* for the NSW Ministry of Transport and under the *Aboriginal Land Rights Act 1983* through the Community Developments Levy.

This year, we continued to strengthen our approach to corporate governance. A dedicated program of work was undertaken to improve project governance as well as reviewing our legislative compliance framework.

Our directorate is responsible for the management and direction of operations and the setting of our strategic and corporate agenda.

The directorate meets regularly through the Directors Meeting, Finance Committee Meeting and Executive Quality Council. Several directors are also members of the ICT Steering Committee and our separate Audit and Risk Committee. These two committees also include independent members who receive an induction to the operations of OSR upon appointment. Committee members are able to request access to independent professional advice where required.

All OSR committees have their own approved charter and minutes are recorded with all actions arising followed up. The charters and membership of all relevant committees are reviewed and updated regularly. Committees also assess their performance annually.

The directors also meet with senior managers monthly to monitor KPIs, discuss key issues, review risks and share corporate information in our 'Corporate Day' forum.

All directors are required to comply with our Code of Conduct as well as our Conflicts of Interest Policy and must declare any related party transactions on an annual basis. The performance of each director is reviewed bi-annually by the Executive Director in accordance with their individual performance agreements.

The directorate is supported by a number of sub-committees and project groups. These committees usually comprise senior and middle management, and include the Internal Audit Governance Group and the Investment and Delivery Committee.



1942

The Australian Government passes legislation establishing a national uniform income tax system.

“
Our directorate is responsible for the management and direction of operations, and the setting of our strategic and corporate agenda.
”

OSR Audit and Risk Committee

During 2009–10, the Committee met on five occasions and examined:

- issues arising from the OSR Enterprise Risk Register
- the Internal Audit Plan and reports by the Internal Auditors
- the management of fraud and corruption risks
- the existing audit and risk processes to ensure compliance with the Treasury Internal Audit and Risk Management Policy for the NSW Public Sector (TPP09-05) by 30 June 2010
- the financial statements of OSR as submitted to NSW Treasury and as published in the OSR Annual Report.

In May 2010, to comply with TPP09-05, the Audit Committee was reconstituted as the OSR Audit and Risk Committee and its membership changed to include three independent members and two non-independent members. Observers from the NSW Audit Office continue to attend the scheduled meetings.

A sub-committee of the Audit and Risk Committee was formed to ensure we would meet our obligations as outlined in the policy.

The Committee's role includes ensuring:

- sound systems for the authorisation, recording and accounting of assets, liabilities, revenue and expenditure
- existence of proper segregation of functional responsibilities in line with conventional corporate governance principles

- procedures are compliant with the system of internal control
- effective risk management
- current fraud prevention strategies.

The majority of audit reports tabled during the year included satisfactory findings. Audits were conducted over key business functions including revenue collection and write-offs.

Risk management and internal control

OSR has a robust approach to risk management and internal control. Our enterprise and divisional risks are reviewed and updated regularly and form the basis of the annual tactical Internal Audit Plan. Our risk management approach is compliant with Australian and New Zealand Standards and our directors and senior managers are required to sign off on relevant 'Key Internal Control Checklists' annually to provide assurance that effective internal controls exist in their area of operation.

Freedom of Information

We complied with all freedom of information (FOI) requests received throughout the year. See Appendix 4 – Freedom of Information.

Code of Conduct

This year, we reviewed and issued a revised Code of Conduct that includes our values and applies to all OSR staff including Senior Executive Service (SES) officers and contractors. The revised Code of Conduct addresses conduct in key areas, namely working in government, providing service to our clients, working with colleagues and personal behaviour. We also reviewed all policies referred to in our Code of Conduct. The revised Code of Conduct was approved by our directorate in June 2010. Our 2010 Workplace Climate Survey found that 93 per cent of staff agreed that the Code of Conduct provides a useful set of guidelines.

Code of Conduct



Our governance

Corporate Governance Framework

Our Corporate Governance Framework outlines the way that we are 'directed, controlled and held to account', and provides our stakeholders with confidence in OSR.

Governance Outcomes: Confidence in OSR

Review and evaluation of governance arrangements		
Leadership	Integrity	Accountability
<ul style="list-style-type: none"> Leadership qualities Organisational culture Governing bodies and committees Values Setting the vision and strategic direction 	<ul style="list-style-type: none"> Delegations Ethical behaviour Fraud and corruption prevention Fair and consistent decision-making Code of Conduct 	<ul style="list-style-type: none"> Legislative framework Internal control environment External conformance AS/NZS ISO 9001 compliant
Stewardship	Planning and performance monitoring	Transparency
<ul style="list-style-type: none"> Compliance management Asset management Program management and support Project management and governance Information technology systems support HR plans and policies OHS plans and policies Procurement and contract management 	<ul style="list-style-type: none"> Planning and budgeting Performance monitoring Review and reporting 	<ul style="list-style-type: none"> Annual Report Continuous reporting on our OSR website Key Stakeholder Management Plan Reporting to central agencies Freedom of Information legislation
Stakeholder Relationships		
Risk Management		

The pillars of our corporate governance framework and some of the initiatives undertaken in each of the identified areas include:

Leadership

- having our SPP participants take part in a structured work-based leadership program
- conducting a 2010 Workplace Climate Survey
- implementing the requirements of the Internal Audit and Risk Management Policy for the NSW Public Sector.

Integrity

- training 22 senior staff to strengthen their skills in internal investigations and training 125 staff in fair and consistent decision-making
- launching new e-learning modules relating to our Code of Conduct, ethics and fraud
- introducing an Annual Declaration process which requires all staff to annually 'sign off' that they have read and agree to abide by the Code, including confidentiality provisions

- introducing 'OSR In Confidence', a service managed by an independent and external provider for staff to anonymously report allegations of fraud, theft, unethical behaviour, bullying or discrimination
- providing links on our OSR and SDRO websites to make it easier for the public to report allegations of corrupt conduct to the Independent Commission Against Corruption
- expanding our Fraud Prevention Strategy by conducting our Fraud Detection Program and publishing another issue of our internal newsletter, 'ethics@osr'.

Accountability

- conducting internal audits in accordance with the Internal Audit Plan and providing consulting activities to business areas across OSR. We continued to improve our approach by utilising additional internal audit techniques including control self-assessment and continuous auditing
- conducting over 30 internal quality reviews across a number of business areas to ensure our compliance with the ISO 9001 standard which resulted in 45 action items to improve our processes and procedures
- passing two external surveillance assessments for compliance with the ISO 9001 standard to enforce consistency and reliability of our quality management system
- surveying our staff – 68 per cent of staff agreed that ISO process and procedure documents are beneficial to their work.

Stewardship

- conducting a review of our legislative compliance which found no instances of non-compliance. We are building on the review to develop a complete Compliance Framework for the organisation
- reviewing our approach to project governance and creating EPMO to provide overall governance for our projects and programs
- conducting a value for money review of our Information Services Division to improve the effectiveness and efficiency of our IT services and operations
- procurement and Occupational Health and Safety (OHS) compliance audits were undertaken to strengthen internal controls.

Planning and performance monitoring

- monitoring a series of KPIs to ensure we are on target to achieve the goals outlined in our strategic plan. These include corporate, quality and operational KPIs
- reporting key service indicators and performance measures in NSW Government Budget Papers
- reviewing corporate KPIs on a monthly basis using a 'traffic light' reporting system.

Transparency

- ensuring that information required by central agencies is provided in a timely manner. This includes submission of our Total Asset Management Plan, Shared Services Return, Waste Reduction and Purchasing Policy (WRAPP) Report and workforce profile information. We also submit a biannual return to the Better Regulation Office outlining our achievements in reducing red tape for the community, business and government
- developing a Stakeholder Management Framework which outlines good practices for staff in dealing with key stakeholders. We are also developing a software tool to assist in the effective management of stakeholder relationships. Each operational area has a communications plan in place for various client groups
- updating our OSR and SDRO websites with information about areas of our business, including changes to taxes, grants and fines made throughout the year for the benefit of our stakeholders. These updates include:

OSR website

- expanding our compliance section to include reports on recent prosecutions
- enhancing the unclaimed money application to allow searches to be narrowed by date and dollar amount
- developing new calculators for HCAP.

SDRO website

- publishing 'A Guide to the Fine Processing and Enforcement System' in additional languages (Arabic, Chinese, Korean, Vietnamese)
- implementing an application for WDOs to allow eligible clients to satisfy their fines debt by non-monetary means, including through unpaid work with an approved organisation or through certain courses or treatment
- improving our online services to allow clients to submit court election forms electronically and request reviews online
- publishing updated Review Guidelines for penalty notices.

Homebuyer website

- launching a new 'homebuyer' website (www.homebuyer.nsw.gov.au) to provide information on HCAP and other benefits available to home buyers in NSW.

Our performance

All due revenue is collected

We are responsible for effective revenue administration to enable the NSW Government to fund a wide range of essential services and maintain its AAA rating.

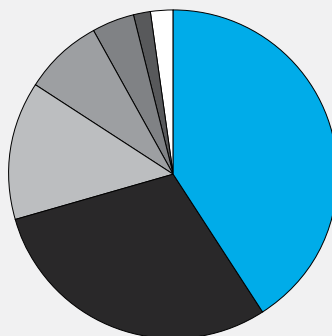
This year, we collected over \$17 billion in revenue, up from almost \$16 billion last year. As in previous years, payroll tax and duties were our two largest areas of revenue collected.

Total Crown revenue collected

Revenue type	2009–10	2008–09	2007–08	2006–07	2005–06
\$m					
Payroll tax	7 001	7 167	7 027	6 400	5 888
Duties	5 130	4 049	5 555	5 425	4 844
Land tax	2 308	2 195	1 997	1 955	1 752
Gaming and racing	1 351	1 212	1 160	1 271	1 142
Federal tax equivalents	734	702	751	606	436
SDRO fines	292	277	277	226	216
Health insurance levy	141	133	125	119	108
Parking space levy	98	51	51	48	45
Insurance protection tax	66	67	68	67	68
Unclaimed money	10	10	3	11	11
Other revenue and taxes	1	0	1	1	2
Total Crown revenue	17 132	15 863	17 015	16 129	14 512



Crown revenue collected in 2009–10



	%
Payroll tax	40.9
Duties	29.9
Land tax	13.5
Gaming and racing	7.9
Federal tax equivalents	4.3
SDRO fines	1.7
Other	1.8

Changes in Crown revenue over time

Total Crown revenue by financial year (\$m)

2009–10	17 132
2008–09	15 863
2007–08	17 015
2006–07	16 129
2005–06	14 512

Payroll tax revenue

	Actual 2009–10	Budget 2009–10	Actual 2008–09	Change from 2008–09
	\$'000			%
Payroll tax revenue	7 000 873	7 044 000	7 166 648	(2.31)

The tax-free threshold for payroll tax is indexed annually in line with the percentage increase in the Sydney Consumer Price Index. For 2009–10, the threshold was increased from \$623 000 to \$638 000. From 1 January 2010, the rate of payroll tax was reduced from 5.75 per cent to 5.65 per cent, reducing to 5.5 per cent from 1 July 2010.

We continued to collaborate with other jurisdictions on payroll tax harmonisation and made several more advances this financial year. See Appendix 2 – Payroll tax harmonisation.

Duties revenue

Category	Actual 2009–10	Budget 2009–10	Actual 2008–09	Change from 2008–09
	\$'000			%
Conveyance	3 698 730	2 730 000	2 674 633	38.29
Insurance policies	673 453	652 000	649 969	3.61
Motor vehicle	586 735	531 000	537 183	9.22
Loan securities	115 822	125 000	118 437	(2.21)
Share	51 844	43 000	64 554	(19.69)
Lease	3 462	0	5 099	(32.10)
Hiring arrangements	(169)	0	(419)	(59.67)
First home purchases	10	0	10	0
Vendor	244	0	(17)	(1 535.29)
Other stamp duties	0	100	1	(100)
Total duties	5 130 131	4 081 100	4 049 450	26.69

Duties revenue has increased this year by 27 per cent, recovering from last year's downturn.

An upturn in the property market has contributed to a stronger overall revenue performance this year.

The impact of the Global Financial Crisis on revenue collection was not as severe as expected when combined with stimulus initiatives directly affecting the property market.



1805

First import duties and charges levied in Australia to build a gaol and orphanage in Sydney.

1996

As the first stage in the Stamp Duties Rewrite Project, NSW introduces a *Taxation Administration Act* to make general provision for the administration of various revenue Acts administered by OSR.

Our performance

Duty relief for damaged vehicles in declared natural disaster areas

We have been responsible for administering the duty relief scheme since it was introduced in 2007. Under this scheme, NSW residents can apply for duty relief on the registration of a motor vehicle which is replacing a vehicle written off in a declared natural disaster zone.

In 2009–10, the scheme operated in the following declared NSW natural disaster zones:

- Coffs Harbour area floods in November 2009
- Narrabri area floods in December 2009
- Warren Shire floods in February 2010
- Eurobodalla Shire floods in February 2010.

We received 51 applications for duty relief from declared NSW natural disaster zones, totalling \$16 200. We also processed refund applications for previously declared natural disaster zones. Applications can be lodged up to five years after the natural disaster.

Improving efficiency with Electronic Duties Returns

Our Electronic Duties Returns (EDR) service enables over 2050 approved clients to process duties documents electronically. The percentage of duties documents processed using EDR was 88 per cent.

This year, we presented EDR seminars in Coffs Harbour, Port Macquarie and Tamworth. These seminars were well received, with about 150 people from 75 firms attending. The seminars covered information on current EDR and duties issues, audit findings, changes to EDR processes and procedures, our e-learning and online services and more.

Our online Random Verification Audit process for approved EDR clients selects random EDR transactions for desk and field audits to ensure compliance. All clients are required to keep a record of all EDR matters (copies of documents, supporting evidence and notices of assessment) under the terms and conditions for using this service.

In total, 1242 EDR audits were conducted this year covering 12 000 EDR transactions. The audits confirmed a high degree of compliance, with less than one per cent of audited transactions requiring additional duty payments. In these cases, clients were advised of the reasons for the incorrect assessments and directed to the relevant legislation and rulings. The audits identified \$590 000 in additional duty.



1895

NSW introduces a land tax.

1910

A Commonwealth land tax on the unimproved value of land is introduced.

1956

The NSW Government introduces a state land tax following abolition of Commonwealth land tax in 1952.

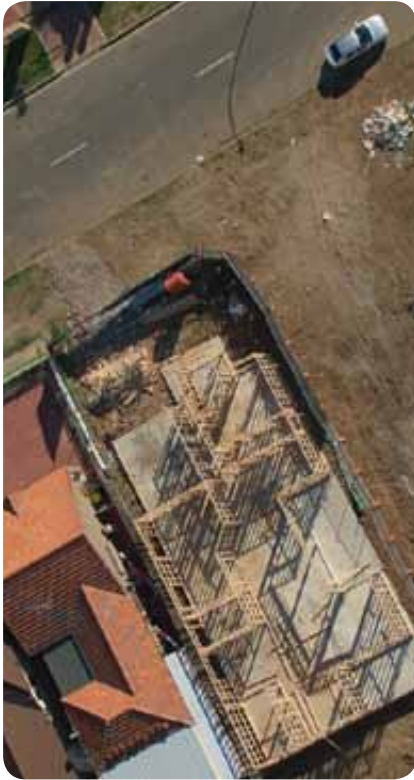
1999

Introduction of the Premium Property Tax charging land tax on principal places of residence where the land value is greater than \$1 million.



More information:

<http://www.osr.nsw.gov.au/taxes/edr/>



Land tax revenue

	Actual 2009–10	Budget 2009–10	Actual 2008–09	Change from 2008–09
	\$'000			%
Land tax revenue	2 307 993	2 354 000	2 194 544	5.17

Land tax revenue for this year was \$2308 million, compared to \$2195 million last year. The general tax-free threshold was increased from \$368 000 to \$376 000 and the standard land tax rate was 1.6 per cent. The premium land tax rate, introduced in 2009, remained at two per cent and the premium tax-free threshold was increased from \$2250 million to \$2299 million.

Updated land tax assessment notice

We updated the land tax assessment notice to make the payment amount and due date information more prominent. The new assessment notice has reduced client payment errors by almost 80 per cent.

Land tax online services

The number of clients using our land tax online services increased again this year with 38 per cent of all assessment variation requests received online and over 10 000 clients using the online service to update their contact details. This compares with 30 per cent of all assessments received online last year. Our online services make it easier for clients to do business with us and provide an increase in the overall quality of the land tax data held by OSR.

The number of land tax clearance certificates submitted online increased to 85 per cent. This service is available through seven authorised Client Service Providers who are linked to our information systems.

Federal tax equivalent collected

	Actual 2009–10	Budget 2009–10	Actual 2008–09	Change from 2008–09
	\$'000			%
Federal tax equivalent revenue	733 562	726 000	701 627	4.55

We collected \$734 million in revenue from agencies and subsidiaries liable to pay income tax equivalents under the National Tax Equivalent Regime (NTER) or the State Tax Equivalent Regime (STER).

OSR monitors and audits the activities of NTER and STER agencies in accordance with the Commercial Policy Framework.

Our performance

Gaming and racing revenue

	Actual 2009–10	Budget 2009–10	Actual 2008–09	Change from 2008–09
	\$'000			%
Club gaming	645 723	650 000	631 649	2.23
Hotel gaming	424 998	432 700	409 811	3.71
Totalizators	155 429	156 600	151 811	2.38
Lotteries	104 252	101 962	–	–
Keno	10 551	10 752	9 919	6.37
Fixed odds sportsbet	8 082	5 723	7 173	12.67
Footy TAB	659	672	775	(14.97)
Fixed odds futures	845	426	403	109.68
Total gaming and racing	1 350 539	1 358 835	1 211 541	11.47

We collected \$1351 million in gaming and racing revenue on behalf of the NSW Office of Liquor, Gaming and Racing, an increase of \$139 million on the previous year.

Clubs and hotels suffering financial hardship are provided assistance through the Gaming Machine Tax Deferral Scheme. Under the scheme,

clubs and hotels that experienced a downturn in gaming machine revenue of 15 per cent or greater were able to seek approval to pay their gaming machine tax in three equal monthly instalments, interest free.

We became responsible for the collection of lotteries revenue from 1 March 2010.



1956

Abolition of betting tax on a bookmaker's turnover.

1992

The NSW Government introduces a parking space levy in the Sydney CBD and North Sydney.

2001

OSR takes over collection of gaming machine tax and betting tax.

Parking space levy revenue

	Actual 2009–10	Budget 2009–10	Actual 2008–09	Change from 2008–09
	\$m			%
Parking space levy revenue	97 675	100 000	51 211	90.73

Parking space levy revenue for 2009–10 was \$98 million, up from \$51 million last year. From 1 July 2009, the levy increased from \$950 to \$2000 per space per year in the business districts of Sydney, North Sydney and Milsons Point. In the business areas of St Leonards, Chatswood, Parramatta and Bondi Junction, the levy increased from \$470 to \$710 per space.

The levy is collected on behalf of the NSW Ministry of Transport and all revenue is used to improve public transport infrastructure that facilitates access to, and encourages the use of, public transport to and from the business districts where the levy applies. The levy was introduced to discourage car use in business districts by imposing a levy on off-street commercial and office parking spaces, including parking spaces in parking stations.

Revenue from compliance activities

Compliance projects across all revenue bases identified over \$322 million in additional revenue.

In undertaking these projects, we:

- identified and contacted individuals and businesses not currently registered on our system who had a potential liability
- used data matching and data mining techniques, including matching our records against data provided by other State and Federal agencies, to identify potential clients who might not have complied with their State revenue obligations
- identified recipients of the First Home Owner Grant Scheme (FHOGS) benefits and First Home Plus (FHP) concessions who did not meet the eligibility requirements
- prosecuted serious breaches of the legislation where fraud or deliberate non-compliance was identified.

This year, we focused on high risk areas including payroll tax 'phoenix' operators within the building and construction industry, and high value duties transfer arrangements.

Auditing registered payroll tax clients

We continued to audit registered payroll tax clients to ensure compliance with legislation. We completed 3480 audits which identified additional payroll tax revenue of \$87 million.

Auditing unregistered employers

We contacted over 3765 employers not registered for payroll tax who we believed, through our data matching and mining programs, might be liable for payroll tax. Of these, 1421 were found to have a liability and we assisted them in the payroll tax registration process. We issued assessments totalling over \$47 million to these new clients.

Joint audit program

Following the harmonisation of payroll tax legislation between NSW and Victoria, we continued a program of joint State payroll tax audits to investigate clients who were liable for payroll tax in both jurisdictions. See page 38 – Red tape reduction.

Land tax compliance program

This year, we investigated over 22 300 landholders who were either not assessed for land tax, or we believed had an incorrect exemption applied. This resulted in 4926 new clients registering for land tax and the identification of over \$155 million in additional land tax revenue.

Duties compliance program

Compliance audits of duties transactions are part of an ongoing emphasis on the protection of duties revenue. These include automated data matching processes and investigative approaches to support the integrity of our self-assessment and manual lodgement systems.

First home benefits compliance activities

See page 32 – First home benefits compliance activities.

Prosecutions

There were 11 successful prosecutions for serious offences under the *Taxation Administration Act 1996*, *Crimes Act 1900* and *Oaths Act 1900* during 2009–10.

Eight of these prosecutions related to offences under the *First Home Owner Grant Act 2000*.

Sentences imposed for these offences included a custodial sentence, community service orders, good behaviour bonds and substantial fines.



Our performance

“
Objections received for land tax and parking space levy decreased substantially in 2009–10.
”

Tax objections received

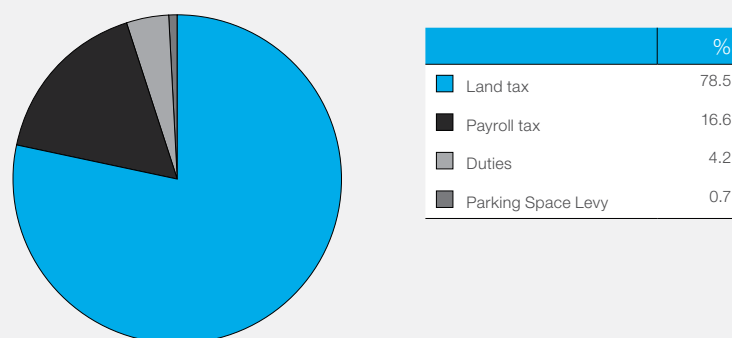
Clients who are dissatisfied with their assessment or certain decisions of the Chief Commissioner of State Revenue can lodge an objection and have the assessment or decision reviewed. Reviews are conducted in a different business area from where the assessments or decisions are made.

Objections received for land tax and parking space levy decreased substantially in 2009–10. Payroll tax objections were up slightly from last year but remain well below previous years.

Number of objections by revenue type

Revenue type	2009–10	2008–09	2007–08	2006–07	2005–06
Land tax	2 091	3 808	3 520	3 598	5 593
Payroll tax	443	423	532	515	583
Duties	112	123	305	185	233
Parking space levy	19	89	21	89	120
Total	2 665	4 443	4 378	4 387	6 529

Objections by revenue type in 2009–10



Number of objections determined

Revenue type	2009–10		2008–09		2007–08		2006–07		2005–06	
	Allowed	Disallowed	Allowed	Disallowed	Allowed	Disallowed	Allowed	Disallowed	Allowed	Disallowed
Land tax	893	1 252	1 379	2 503	1 171	2 232	1 654	2 695	2 008	3 254
Payroll tax	65	324	79	233	76	503	128	535	120	291
Duties	46	63	27	104	46	130	65	138	60	149
Parking space levy	1	28	8	76	2	23	6	84	24	85
Total	1 005	1 667	1 493	2 916	1 295	2 888	1 853	3 452	2 212	3 779
Percentage	38	62	34	66	31	69	35	65	37	63

Note: The total number of objections determined may not add up to the number of tax objections received for that year, as some are determined the following year.

Administrative Decisions Tribunal

Clients who are dissatisfied with an objection decision can have the matter independently reviewed by the ADT.

This year, 153 appeals against decisions handed down by the Chief Commissioner of State Revenue were finalised. Over 94 per cent of ADT decisions were in favour of the Chief Commissioner of State Revenue.

Appeals received and finalised by the Administrative Decisions Tribunal

Revenue type	2009–10			2008–09			2007–08			2006–07			2005–06		
	Number received	Number finalised	Number upheld	Number received	Number finalised	Number upheld	Number received	Number finalised	Number upheld	Number received	Number finalised	Number upheld	Number received	Number finalised	Number upheld
Land tax	65	93	6	90	62	0	56	41	4	62	41	0	39	42	2
Payroll tax	9	13	2	32	24	2	16	26	0	37	13	0	8	9	1
Duties	17	13	1	12	9	0	12	18	1	15	16	1	22	32	5
Parking space levy	11	28	0	2	0	0	4	8	0	4	1	0	9	3	1
FHOGS	2	6	0	22	28	1	31	58	7	54	65	3	53	48	2
Others	0	0	0	0	0	0	0	0	0	2	1	0	3	4	0
Total	104	153	9	158	123	3	119	151	12	174	137	4	134	138	11

Supreme Court cases

Revenue type	On hand 1 July 2009	Total received	Dismissed	Upheld	Withdrawn	Settled	Part allowed	Pending
Land tax	8	4	0	0	4	2	0	6
Duties	6	3	1	2	0	1	0	5
Payroll tax	4	2	0	1	0	3	0	2
Parking space levy	1	0	0	0	0	1	0	0
Total	19	9	1	3	4	7	0	13

Taxation Hardship Review Board

The Taxation Hardship Review Board was established under the *Taxation Administration Act 1996* and considers client applications for relief from outstanding liabilities on the basis of financial hardship.

The Board members include delegates from the Auditor-General, the Secretary of the NSW Treasury and the Chief Commissioner of State Revenue.

In 2009–10, the Board considered six applications for relief with a combined value of \$150 346. Full relief was declined in all six cases. Two applicants were offered extended instalment arrangements.

Overdue debt – tax and duties

As at 30 June 2010, overdue debt was \$232 million, representing 1.4 per cent of annual tax and duties revenue.

Debt under instalment arrangement was about \$94 million, representing 40 per cent of the overdue debt.

Although land tax debt continues to make up the majority of debt under arrangement, payroll tax debt under instalment arrangement has increased. Insolvency debt, at \$44 million, represents 19 per cent of the overdue debt.

The instalment arrangement and insolvency debt rates appear to reflect the flow-on effects of the Global Financial Crisis.

Debt written off

Debt written off for taxes and duties totalled \$24 million, over \$1 million less than 2008–09.

Outstanding payroll tax debt accounted for 84 per cent of debt written off. The debt relates to companies that entered administration or went into liquidation.

We continue to use early intervention strategies and legislative provisions to help reduce the amount of debt written off. All reasonable debt recovery action is taken before a debt is written off. In most instances, where a dividend is not payable to unsecured creditors such as the Chief Commissioner of State Revenue, the debt is written off.

Our performance

All fines are processed and enforced correctly and on time

SDRO is responsible for the effective processing and correct enforcement of fines. In 2009–10, we continued to work closely with other government agencies on initiatives to reduce the incidence of people re-offending as set out in the NSW State Plan.

Penalty notice processing and fine enforcement

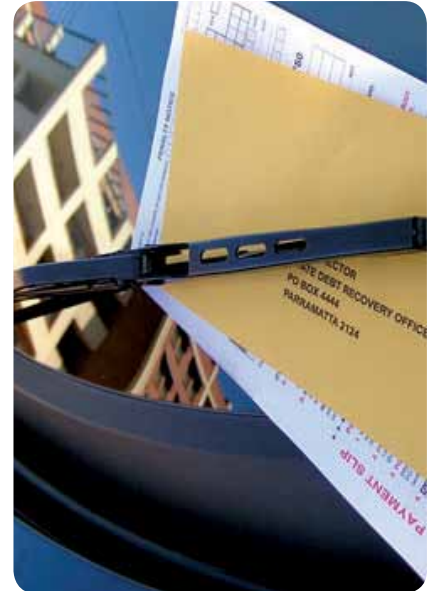
We provide a centralised processing service for all penalty notices issued by the NSW Police Force, the RTA (camera-detected offences) and over 230 other agencies, including local councils, semi-government bodies and other government departments. One of our key roles is notifying the RTA of offences that carry demerit points so they can update driving records.

During the year, we:

- processed 2.8 million penalty notices to the value of \$491 million. Around 1.2 million of these penalty notices were for offences that carried demerit points
- issued 876 782 enforcement orders with a total value of \$266 million
- collected:
 - ▶ \$182.5 million for the Crown and \$137.3 million on behalf of other organisations in penalty notice payments
 - ▶ \$110 million for the Crown and \$56.4 million on behalf of other organisations through enforcement orders
 - ▶ \$27.7 million from clients for processing services, annulment fees and miscellaneous revenue.

As at 30 June 2010, there were time to pay arrangements in place for about 94 000 clients covering 609 780 enforcement orders valued at \$248.8 million.

Of these, 43 497 clients were on Centrepay direct debits covering 322 451 enforcement orders valued at \$127.2 million. All other clients were on time to pay arrangements.



1996

The NSW Government introduces the Fines Act to govern enforcement of NSW fines, and establishes the State Debt Recovery Office as a separate authority to administer the Act.

Number and face value of penalty notices

Financial year	Commercial		Crown		Total number of penalty notices ('000)	Total value (\$'000)
	Number of penalty notices ('000)	Value (\$'000)	Number of penalty notices ('000)	Value (\$'000)		
2009–10	1 617	214 872	1 215	276 381	2 832	491 253
2008–09	1 539	196 741	1 281	258 711	2 820	455 452
2007–08	1 502	187 886	1 387	265 827	2 889	453 713
2006–07	1 492	182 180	1 122	215 701	2 614	397 881
2005–06	1 441	176 958	1 044	191 970	2 485	368 928

Number and face value of penalty notices for 2009–10 by client category and infringement type

Client category	Infringement type	Number of penalty notices ('000)	Value (\$'000)
Crown	Police traffic	382	105 053
	RTA static speed camera	477	70 997
	Police radar/lidar	217	56 062
	Police general	55	12 729
	Failure to nominate	12	12 288
	Red light camera	29	9 936
	RTA bus/TWay camera	20	5 172
	Police parking	23	4 144
Crown total		1 215	276 381
Commercial	Client agencies	1 617	214 872
Grand total		2 832	491 253

Number and face value of speed camera offences for 2009–10

Infringement type	School zone speeding offences		Other speeding offences		Total number of penalty notices ('000)	Total value (\$'000)
	Number of penalty notices ('000)	Value (\$'000)	Number of penalty notices ('000)	Value (\$'000)		
RTA static speed camera	126	24 019	351	46 978	477	70 997

Number and face value of criminal infringement notices for 2009–10

There were also 11 296 criminal infringement notices issued during the year, valued at \$2.5 million.

Our performance

Prosecutions

Together with the RTA, we prosecuted 126 companies and individuals for failing to nominate the owner of a vehicle and false nomination offences. As at 30 June 2010, 18 matters were still before the courts. Of those finalised, the fines imposed by the courts have ranged from \$150 to \$11 000 for fail to nominate and \$250 to \$2000 for false nominations.

Prosecuting these offences is critical for enforcing road safety and we will continue to pursue these offences together with the RTA throughout 2010–11.

Outstanding fines written off

In accordance with section 101 of the *Fines Act 1996*, the SDRO Director can write off fines which are considered uncollectible or where extenuating circumstances justify the decision, such as:

- severe financial hardship
- the debtor is deceased
- the fine is viewed as unfair or unjust
- in the event of terminal illness.

During the year, 78 634 enforcement orders were written off totalling \$37.8 million, including 2558 enforcement orders to the value of \$1.13 million where the debtor was deceased.



Fines Hardship Review Board

The Fines Hardship Review Board was established under the *Fines Act 1996* to independently review decisions by SDRO.

Board members include delegates from the Attorney-General, Secretary of the NSW Treasury and the Chief Commissioner of State Revenue.

Under section 101B of the *Fines Act 1996*, the Board has the authority to review decisions made by SDRO on applications for time to pay arrangements and write-offs.

This year, the Board reviewed 27 SDRO decisions with a total value of \$259 900.

Decision	Number of matters	Value (\$'000)
Time to pay	7	145
Write-off	12	68
SDRO decision upheld	7	38
Stay pending further review	1	9
Total	27	260

Road safety program

SDRO plays an integral role in the processing of camera detected offences and the issuing of penalty notices on behalf of the RTA. This is a significant part of the RTA's road safety initiatives and the timely issuing of notices will be especially important with the introduction of:

- 200 new safety cameras over the next four years
- point-to-point cameras for heavy vehicles
- mobile speed cameras.

We have developed plans to meet the expected increase in work volumes as a result of these initiatives until changes to driver behaviour are realised.

We improved our systems to accommodate the changes in speed bands from 15 kph to 10 kph. Modifications were also implemented to enable the adjudication of new camera images and to increase the efficiency of transferring data between the RTA and SDRO.

Work and Development Orders

We have been trialling WDOs since September 2009 following the introduction of the *Further Fines Amendment Act 2008*.

WDOs allow eligible people who have a mental illness, intellectual disability or cognitive impairment, are homeless, or are experiencing acute economic hardship to satisfy their fines debt by non-monetary means through unpaid work with an approved organisation or by undertaking certain courses or treatment.

There are 78 non-government organisations approved to participate in the two-year trial.

During 2009–10, we received 356 WDO applications. Of these, 146 have been approved with 36 satisfied for fines totalling \$34 000. A further 22 applications were subsequently withdrawn and 62 were rejected. As at 30 June 2010, the remaining applications were at various stages of progression.



2001

The State Debt Recovery Office becomes part of OSR.

“SDRO plays an integral role in the processing of camera detected offences and the issuing of penalty notices on behalf of the RTA.”



Our performance

Eligible applicants receive their benefits

One of our key corporate goals is to ensure eligible applicants receive the grants, concessions, subsidies, rebates and lost money they are entitled to.

First home benefits

We are responsible for administering various first home benefit schemes designed to assist home buyers to purchase their first home. This year, generous benefits of up to \$41 990 were available to eligible applicants under the following schemes:

- First Home Owner Grant Scheme
- NSW New Home Buyers Supplement (Supplement)
- Australian Government's First Home Owner Boost (Boost)
- First Home Plus and First Home Plus One.

Our work enables the government to provide efficient and reliable customer service as set out in the State's priority of increased customer satisfaction with government services outlined in the NSW State Plan.

First Home Owner Grant Scheme

This year, we assisted 51 972 home owners in purchasing their first home. We paid benefits totalling over \$702 million, four per cent less than 2008–09 when we paid over \$740 million to 59 490 applicants. The number of FHOGS applications received returned to levels experienced prior to the introduction of the stimulus packages in 2008.

The Australian Government commenced winding back the Boost for contracts signed on or after 1 October 2009. The \$14 000 Boost for new homes was reduced to \$7000 and the \$7000 Boost for established homes was halved to \$3500 and ended on 31 December 2009. In addition, the \$3000 Supplement for new homes ceased on 30 June 2010.

Benefits under the Boost and Supplement schemes are not available for contracts entered into after these end dates.



2000

A national scheme is established for the payment of first home owner grants to encourage and assist first home ownership and to offset the effect of the GST on home ownership.

2008

The Australian Government announces it will provide first home owners with an additional payment known as the First Home Owner Boost. The NSW Government passes legislation to administer the new initiative on behalf of the Commonwealth.

2009

The NSW Government introduces a 50 per cent reduction in duty on new housing construction called the Housing Construction Acceleration Plan.

“

This year, we assisted 51 972 home owners in purchasing their first home.

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More information:

http://www.osr.nsw.gov.au/benefits/first_home/general/fhplus/

Table of benefits issued

Benefit type	Number paid	\$m
First Home Owner Grant Scheme \$7000 for new and established homes	51 972*	364
NSW New Home Buyer Supplement Additional \$3000 for new homes	8 032*	24
Australian Government First Home Owner Boost [^] Additional \$14 000 for new homes – Finished 30/09/09	7 245*	101
Australian Government First Home Owner Boost [^] Additional \$7000 for new homes – Commenced 01/10/09 and finished 31/12/09	600*	4
Australian Government First Home Owner Boost [^] Additional \$7000 for established homes – Finished 30/09/09	25 611*	179
Australian Government First Home Owner Boost [^] Additional \$3500 for established homes – Commenced 01/10/09 and finished 31/12/09	8 451*	30
Total	51 972**	702

* Net figures which have taken into account grants returned voluntarily or recovered through compliance activities.

[^] Boost is administered by the NSW Government and funded by the Australian Government.

** Total reflects FHOGS paid.

Concession type	Number paid	\$m
First Home Plus Duty exemption up to \$17 990	44 267	459
First Home Plus One Partial duty exemption based on percentage owned	221	1
Total	44 488	460



First Home Plus

FHP provides exemptions or concessions on transfer duty for people buying their first home in NSW.

The First Home Plus One Scheme is an extension of FHP that allows equity partners to help first home buyers by allowing them to purchase up to 50 per cent of a property, without affecting the first home buyer's eligibility for an exemption or concession on duty.

In 2009–10, we provided over \$460 million in transfer duty exemptions and concessions to 44 488 claimants.

Housing Construction Acceleration Plan

On 1 July 2009 HCAP was introduced to stimulate the construction of new homes by providing a reduction in duty on the purchase of new homes for people who were not first home buyers.

HCAP provided a 50 per cent reduction in duty for purchasers of a new home with a value not exceeding \$600 000. HCAP ceased on 30 June 2010. A new home was defined as a home that had not previously been occupied or sold as a place of residence. To qualify, the home must have been an off the plan purchase agreement, or the new home must have been completed and ready for occupation.

We granted 4254 eligible HCAP applications which resulted in over \$32 million being retained by NSW residents.

HCAP advertising generated 237 615 enquiries to a dedicated website averaging 21 601 per month during the campaign.

Our performance

Benefits objections received

First home benefits objections received and determined

Received	2009–10	2008–09	2007–08	2006–07	2005–06
FHOGS	162	187	242	266	515
FHP	84	98	145	142	139
Total	246	285	387	408	654

Determined	2009–10		2008–09		2007–08		2006–07		2005–06	
	Allowed	Disallowed	Allowed	Disallowed	Allowed	Disallowed	Allowed	Disallowed	Allowed	Disallowed
FHOGS	36	111	59	165	52	176	76	259	96	398
FHP	12	62	31	93	34	97	48	106	33	85
Total	48	173	90	258	86	273	124	365	129	483
Percentage	22	78	26	74	24	76	25	75	21	79

Note: The total number of objections determined may not add up to the number of tax objections received for that year, as some are determined the following year.

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We completed 1180 FHOGS investigations, resulting in 357 recipients being required to repay the grant with a value of \$3.5 million, including penalties.

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First home benefits compliance activities

This year, we maintained our data matching program to identify recipients who did not satisfy the eligibility and residency requirements for FHOGS and FHP. We continued our 100 per cent prior ownership checks for all FHOGS applicants. We also expanded our FHP residency and prior ownership programs.

We completed 1180 FHOGS investigations, resulting in 357 recipients being required to repay the grant with a value of \$3.5 million, including penalties.

We also completed 901 FHP investigations, which resulted in 600 duties exemptions or concessions being repaid. The cancellation of these exemptions and concessions resulted in additional revenue of \$7.5 million, including interest and penalties.

We issued 349 residency reminder letters to clients who we identified may not have met the residency requirement prior to the 12-month expiry date. This was undertaken as part of our ‘up-front compliance’ initiative.

We successfully prosecuted eight FHOGS recipients for offences under the *First Home Owner Grant Act 2000*, *Taxation Administration Act 1996*, *Crimes Act 1900* and *Oaths Act 1900*. See page 23 – Prosecutions.

This year, we audited six financial institutions to ensure compliance with the Deed of Arrangement under which financial institutions submit FHOGS applications on behalf of their clients.

Petroleum Products Subsidy Scheme

Abolition of Petroleum Products Subsidy

The NSW Petroleum Products Subsidy Scheme was abolished from 1 July 2009. Under the abolition arrangements, clients registered for the petroleum products subsidy have 12 months to lodge their final claim on eligible petroleum products sold up to 30 June 2009.

This year, we paid \$3.7 million to 32 clients for petroleum products which were sold up to 30 June 2009.



Unclaimed money

Unclaimed money is money we receive from organisations where an account held by them has been inactive for six years and where they have been unable to locate and return the money to the rightful owner. This year, 32 222 items of unclaimed money returns totalling \$15.3 million were lodged with OSR.

Some of the unclaimed money we hold includes dividends, principal and interest, refunds, deposits, premiums, proceeds of sale, commissions and debentures. This money has been deposited by businesses, government agencies, local councils and similar sources.

We also carry out data matching exercises to locate owners. Our data matching efforts this year successfully returned \$124 823 to 45 owners. In total, we returned \$5.9 million to 4079 owners of unclaimed money. All money available for claim is listed on our OSR website. As at 30 June 2010, we held over 200 000 unclaimed money items worth \$111 million.

GST rebate for clubs

The Goods and Services Tax (GST) rebate is paid to licensed clubs to compensate for the impact of the GST. We pay the rebate directly into club bank accounts either in full on 30 September each year or by instalments at the end of each quarter (being 30 September, 31 December, 31 March and 30 June).

This year, we paid out over \$18 million in rebates to 1275 clubs.



1982

The NSW Government introduces petroleum products licensing fees.

1995

A new *Unclaimed Money Act* is introduced to consolidate existing legislation and to recognise the Australian Government's takeover of the regulation of unclaimed money held by banks.

1997

OSR commences payment of petroleum subsidies on motor spirit and diesel sold for use within five zones south of the NSW–QLD border.



More information:

<http://www.osr.nsw.gov.au/benefits/ucm/>

Our progression

Strategic and Corporate Plans

Our 2011 Strategic Plan demonstrates our commitment to significantly improve the way we administer revenue, enforce fines and process benefits. The plan is our key strategic document and outlines our future direction and strategic goals for a three-year period to June 2011.

Value for money

Ensure OSR delivers value for money across all its operations

Strategy 1.1

Continuously improve the efficiency of our business

Desired results:

- achieve significant efficiency improvements across our business
- a culture of continuous improvement leading to value for money in all aspects of our business
- accurate and comprehensive measurement and reporting of value for money.

Compliance

Ensure the integrity of the NSW tax, fines and benefits systems through effective compliance

Strategy 2.1

Improve compliance effectiveness

Desired results:

- strategies that support clients to voluntarily comply
- enforcement strategies for clients who choose not to comply
- effective debt management.

Systems and processes

Ensure effective and efficient systems and processes to underpin the delivery of OSR services

Strategy 3.1

Implement system and process enhancements to deliver significant service improvements

Desired results:

- measurable service improvements as a result of successfully delivering major system and process enhancements
- staff and stakeholder recognition that OSR's systems and processes are progressive.

Clients

Make it easier to do business with OSR

Strategy 4.1

Reduce red tape

Desired results:

- client and stakeholder recognition that our processes and systems are easier to use
- staff recognition that internal processes and systems are more streamlined and coordinated
- advanced further cross-jurisdiction harmonisation opportunities.

Strategy 4.2

Enhance the client experience by delivering excellence through preferred service channels

Desired results:

- high levels of client satisfaction as a result of OSR's user-friendly services
- staff recognition of OSR's culture of continuously improving client focused service delivery
- increased usage of OSR-preferred channels and self-service products.

Stakeholders

Build strong relationships to deliver public value

Strategy 5.1

Improve our services through effective stakeholder relationships

Desired results:

- greater involvement and influence with key external stakeholders who impact on or are impacted by OSR's services
- improved information sharing with other agencies
- stakeholder recognition of OSR's effectiveness and responsiveness in meeting their needs
- effective delivery of priority cross-agency projects.

People and technical excellence

Ensure an organisation of capable, adaptable and engaged people

Strategy 6.1

Shape the organisational culture to support a flexible workforce and meet the changing needs of OSR

Desired results:

- stronger culture in probity and integrity
- staff demonstrate fairness and consistency in decision-making
- staff behaviour demonstrates commitment to continuous improvement
- flexibility in our workforce – people are capable of undertaking expanded roles, are able to work across multiple functions and make a broader contribution to OSR
- a structured approach to capturing critical knowledge and the systems to access and apply this knowledge.

2009–10 Corporate Plan

Strategic Goals and Priority Actions	Corporate Action Program	Sponsor	Actions	Outcomes
Value for money				
Embed value for money review methods into standard management practice (1.1.2)	Embed Continuous Improvement	Director MSD	<ul style="list-style-type: none"> Promote and integrate the Continuous Improvement (CI) methodology throughout OSR 	<ul style="list-style-type: none"> CI provides measurable benefits to OSR
Compliance				
Identify and implement opportunities for improved compliance (2.1.1)	Enhance tax compliance	Chief Operating Officer	<ul style="list-style-type: none"> Design and deliver integrated tax compliance programs 	<ul style="list-style-type: none"> Increased effectiveness of compliance activities
Implement opportunities for up-front compliance (2.1.2)	Enhance fines compliance	Director SDRO	<ul style="list-style-type: none"> Improve fines compliance through education and legislative amendments 	<ul style="list-style-type: none"> Increased effectiveness of fines debt recovery and compliance
Targeted communication and education campaigns to support clients to comply (2.1.3)				
Systems and processes				
Implement a unified fines system (3.1.2)	Implement MARS	Chief Operating Officer	<ul style="list-style-type: none"> Implement MARS program strategy 	<ul style="list-style-type: none"> MARS land tax module is implemented MARS returns module is ready for implementation
Modernise the RECOUPS system and processes (3.1.3)	Improve fines system	Director SDRO	<ul style="list-style-type: none"> Implement FES 	<ul style="list-style-type: none"> Supportable fines system operating efficiently
	Deliver progressive ICT services	Chief Information Officer	<ul style="list-style-type: none"> Simplify and rationalise the OSR ICT environment Investigate technological innovations to improve ICT service delivery 	<ul style="list-style-type: none"> Agreed recommendations from ISD value for money review and whole of government ICT cost savings plan are implemented Technology innovations deliver better value for money services
Stakeholders				
Deliver partnership initiatives that improve services (5.1.2)	Support road safety	Director SDRO	<ul style="list-style-type: none"> Support the NSW Government's road safety initiatives 	<ul style="list-style-type: none"> Successful processing of additional fines arising from the government's new road safety initiatives
People and technical excellence				
Create greater workforce flexibility and capability in areas of changing needs (6.1.1)	Enhance workforce capability	Director MSD	<ul style="list-style-type: none"> Develop and implement renewed workforce plans for OSR Provide targeted programs to improve leadership 	<ul style="list-style-type: none"> Staff numbers and skills meet OSR's needs in a changing environment Improved leadership capability
Shape the organisational culture to underpin fair and progressive services (6.1.2)	Improve service delivery	Executive Director	<ul style="list-style-type: none"> Review OSR's approach to debt management Evaluate and recommend potential areas of new business for OSR 	<ul style="list-style-type: none"> Report prepared on OSR's debt management capability Areas of new business are endorsed by the Directorate

Our client service

Commitment to clients

We continued to improve client services throughout the year through our regional offices and online services.

Tax call centre

This year, our tax call centre handled over 208 000 calls and achieved an overall service level of 88.4 per cent of calls answered within two minutes. Our performance exceeded our target of 80 per cent of calls answered within this timeframe and demonstrates our commitment to client service as set out in the State's priority of increased customer satisfaction with government services outlined in the NSW State Plan.

Knowledge management system

We launched our internal knowledge management system in May 2008, with a mission to 'drive excellence in client service'. The last 12 months has seen further development of the knowledge management system to better meet user needs. We now have an upgraded platform which helps to drive a faster and more efficient service for clients.

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We now have an upgraded platform which helps to drive a faster and more efficient service for clients.

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SDRO manages a high volume of clients, with our client contact centre handling about 20 000 phone calls per week and receiving and responding to more than 200 000 items of correspondence per annum.

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State Debt Recovery

Client and stakeholder services

SDRO manages a high volume of clients, with our client contact centre handling about 20 000 phone calls per week and receiving and responding to more than 200 000 items of correspondence per annum. This year, we also processed over 210 000 statutory declarations nominating other drivers for offences.

We provide a telephone hotline service for NSW Members of Parliament and the Ombudsman. See Appendix 6 – Ministerial representations received. The hotline is also used by advocacy groups and various Aboriginal community networks enabling these agencies to contact us directly for assistance.

Commercial client services

In response to client feedback from our December 2008 commercial client survey and our ongoing commitment to commercial clients, we conducted six regional and three metropolitan information forums in early 2010. These seminars covered legislative amendments affecting client agencies, improved automated reporting and improved use of web services. The seminars attracted 170 participants, representing 90 agencies.

Stakeholder forums

We continue to play an important role in the Australian and New Zealand Fines Enforcement Reference Group (ANZFERG). This group investigates enforcement benchmarking and opportunities for legislative and administrative harmonisation.

We also participated in 25 community information forums during 2009–10, including events in the Hunter region, Central Coast, Albury, Kempsey and the North Coast.

Initiatives to help clients

Our Review Guidelines were revised following extensive consultation with a wide range of stakeholder agencies. An updated version was published on our SDRO website in March 2010. The guidelines provide clients with information on how to apply for reconsideration of penalty notices and what circumstances can be considered. This year, we withdrew penalty notices and issued cautions on 53 097 occasions following approaches by individuals.

We improved our online self-service channel to make it easier for our clients to request a review of a penalty notice and request to have matters heard in court.

Further technical solutions will be pursued in 2010–11 to increase our self-service channels for clients.

In January 2010, we introduced time to pay applications via Centrepay for court fines and penalty notices. This allows clients to commence a scheduled payment arrangement at an earlier stage than was previously possible and helps them avoid further enforcement costs.

Our client service

Red tape reduction

We are committed to reducing the red tape burden on businesses and individuals. During the year, we implemented a number of initiatives to reduce red tape. These initiatives included:

Electronic nomination of drivers by fleet owners

Legislation introduced by the RTA, at the request of SDRO, allows for fleet operators to be notified electronically of an offence and gives them the ability to immediately nominate the driver, eliminating the need to prepare a statutory declaration for each individual offence.

Joint payroll tax audit program between NSW and Victoria

Following the harmonisation of payroll tax legislation between NSW and Victoria, both jurisdictions completed a joint audit program to investigate clients who were liable for payroll tax in both jurisdictions. This reduces red tape as those clients operating across the border will not face separate State audits.

Standard Business Reporting

We are partnering in the SBR initiative being led by the Australian Treasury.

SBR will ease the business-to-government reporting burden by simplifying forms and using the latest technology and software to enable businesses to pre-fill forms with commonly used data. It also uses transactions that provide instant validation and receipting of form lodgement to save businesses time and money.

Validation of residency for first home owner grants

A new process was introduced to match an applicant's address against other available information already held by us. This has greatly reduced the number of letters that need to be issued to clients requesting additional information.



2007

Payroll tax legislation is modernised and harmonised with Victoria.



More information:

<http://www.osr.nsw.gov.au/taxes/payroll/sbr/>



2010 client satisfaction survey results

As part of our commitment to improving client service, we conduct an annual client satisfaction survey. The web-based survey has been designed to measure clients' ease of access to information, timely resolution of queries and the quality of our client service.

This year's survey was available on our OSR and SDRO websites during April and May 2010 and measured client satisfaction with our core services: land tax, payroll tax, first home benefits and fines. Clients were given the option to complete the full or short survey.

Around 3200 clients completed the survey and the results indicate that clients are satisfied with staff service and the usefulness of our OSR and SDRO websites. Respondents were most satisfied with client service and website information relating to payroll tax.

The following is a summary of the survey results:

Overall satisfaction

- 78 per cent of those who completed the full survey were satisfied with OSR services
- 88 per cent of those who did not complete the full survey indicated they were satisfied with OSR services.

Accessibility and ease of use

- 85 per cent agreed the information they require is available from the websites
- 83 per cent agreed that it is easy to use OSR websites
- 72 per cent agreed that it is easy to use OSR phone services
- 83 per cent agreed that OSR payment methods meet their needs.

Interpersonal communication

- 82 per cent agreed that OSR staff were courteous and professional
- 72 per cent agreed that OSR staff give reasons for their decisions.

Quality of service

- 73 per cent agreed OSR resolves problems or queries in a timely manner
- 77 per cent agreed that OSR provides sound advice and information
- 79 per cent agreed that OSR staff are knowledgeable and competent
- 77 per cent agreed that the information they receive from OSR is consistent.

We will put into place a number of measures to further improve the quality of service to our clients based on the feedback received in the survey.



More information:

<http://www.osr.nsw.gov.au/about/corporate/survey/>

Our client service

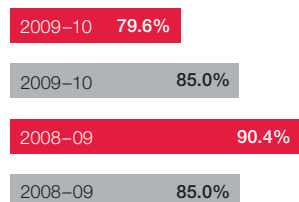
Client service performance

We are committed to providing a high level of service for all our clients and value suggestions for improvement. Our clients can expect to be treated with fairness, integrity and confidentiality in all dealings with us.

We monitor our performance against our client service standards.

Our service results – July 2009 to June 2010

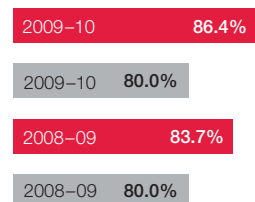
	Results
Taxes and duties	
Answer 80 per cent of all telephone calls within two minutes	86.4%
Ensure 99.5 per cent availability of OSR's websites	100%
Grants and other benefits	
Answer 80 per cent of all telephone calls within two minutes	92.7%
Process general electronic and written correspondence within 10 working days of receipt	99.9%
Pay more than 95 per cent of First Home Owner Grant payments within 10 working days of receiving a completed application	96.3%
Pay more than 85 per cent of unclaimed money payments within 10 working days of receiving a completed application	79.6%
Ensure 99.5 per cent availability of OSR's websites	100%
Fines	
Answer all telephone calls with an average waiting time of less than three minutes	2.97 mins
Respond to emails within 10 working days	85.0%
Reply to correspondence within 21 working days	88.5%
Issue court attendance notices within 60 working days of receiving a valid court election	93.6%
Ensure 99.5 per cent availability of OSR's websites	100%



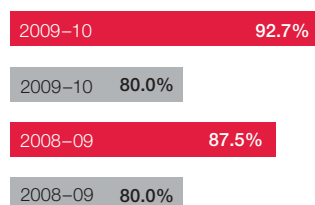
Unclaimed money payments paid within 10 working days of receiving a completed application



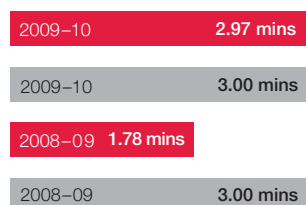
FHOGS payments made within 10 working days of receiving a completed application



Telephone calls answered within two minutes – taxes and duties



Telephone calls answered within two minutes – grants and other benefits



Fines telephone calls average call waiting time



Availability of OSR's tax/fines website

Key: ■ OSR's result
■ OSR's target

Client feedback system results

Our client feedback system recognises good client service and identifies areas where we can improve. Client feedback includes compliments, suggestions and complaints.

We define a complaint as an expression of dissatisfaction with our administration or our quality of service but do not include complaints about government policy or an individual's liability for a tax or fine.

A compliment is an expression of praise or commendation for our administration or our quality of service. Compliments do not include general 'thank you' acknowledgements received in the course of day-to-day work. Compliments are referred to the manager and director of the officer being complimented.

Suggestions may relate to additional services clients would like us to offer, how to improve service delivery and how to improve the services we provide.

All client feedback is directed to the Client Feedback Coordinator who records this on our client feedback database. Complaints and suggestions are acknowledged in writing and referred to the manager of the responsible unit. The manager investigates the matter and advises the client of the outcome. A copy of the action taken to resolve the feedback is forwarded to the Client Feedback Coordinator for inclusion in the client feedback database.

A quarterly report analysing complaints and compliments is distributed to the Executive Director and Directors.

Client feedback by division

Division	Number of complaints	Number of compliments	Number of suggestions
Executive	0	0	0
Revenue Advisory Services	1	0	0
Operations	11	7	4
Information Services	3	0	0
Management Services	0	0	0
State Debt Recovery Office	9	6	0
Total	24	13	4

Client complaints by issue

Issue	Number of complaints
Customer service	8
Dispute regarding decision	1
EPAY/internet/interactive/voice recognition	4
Lack of/delayed response to correspondence	7
Notices not received/address errors	1
Payment issue	2
Request for withdrawal from enforcement	0
Other	1
Total	24

Our support services

Our people

Supporting our people helps us to deliver public value through fair and progressive services.

Workforce initiatives

This year, we focused on expanding the capabilities of our staff and creating a more flexible workforce. By doing this, we improved our ability to respond quickly and decisively to the changing needs of our clients and to meet the challenges associated with increasing work volumes. One way we are expanding staff capabilities is by offering staff opportunities to take on new challenges, particularly in our regional offices.

The introduction of the public sector capability framework has supported our shift to a more flexible workforce and will lead to better job design, improved recruitment and selection outcomes and more targeted learning and development opportunities.

Succession management

Our SPP continues to identify and develop our future leaders. This year, participants attended an Executive Leadership Program that was delivered in partnership with Swinburne University.

Participants completed several tailored professional and personal development activities designed to specifically address the individual needs and expectations identified in their Career Development Plans.

Change management

Change in OSR is managed using a consultative approach through our well established Change Management Framework and Methodology. Following a review of the Framework and Methodology last financial year, we have incorporated the management of change into our everyday business which underpins the success of our organisational change initiatives.

Staff satisfaction

In February this year, we conducted an online staff survey as a follow-up to the comprehensive 2008 workplace climate survey. The survey provided excellent results, with staff perceptions of OSR remaining positive.

The survey results confirmed that we provide:

- good working conditions
- a professional and collegiate work environment
- interesting, challenging and varied work.

Some of the outstanding survey results include:

- 93 per cent of respondents find the Code of Conduct useful
- 90 per cent of respondents feel their Branch/Unit is responsive to feedback from clients
- 90 per cent of respondents enjoy working at OSR.

Challenges

Our workplace climate survey confirmed that our performance management system was still not perceived as being as useful to staff as we would like it to be. Changes to the system have been made and the views of staff will be sought.

This survey also found that selection processes remained of concern to staff, with only 59 per cent agreeing that staff selection is based on merit. Selection processes and practices will be reviewed.

Recruitment and selection

This year, we recruited 141 staff. The majority of the advertised positions were for frontline client service personnel.

As part of a whole of government initiative, we introduced a new e-Recruitment system designed to:

- promote consistency and efficiency in recruitment practices across all government agencies
- reduce recruitment times
- make it easier to find and apply for public sector jobs
- ensure we find the right people for the right jobs
- provide an online electronic file for all recruitment activities, eliminating the need for paper-based files.

“
Change in OSR is managed using a consultative approach through our established Change Management Framework and Methodology.
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Staff recognition

We recognise excellence in staff performance in a variety of ways. Our staff strive to meet our value of 'Achievement', and this is a key factor in our overall ability to maintain high levels of performance across the organisation.

This year, we recognised the achievements of staff through:

Australia Day Council

We became a member of the Australia Day Council Corporate Club as part of our commitment to recognising and rewarding the efforts and achievements of staff members.

The Australia Day Council organises a range of events throughout the year including networking breakfasts, corporate lunches, a corporate golf day and various celebrations leading up to Australia Day as part of our membership.

Directors nominate staff members to attend these events in recognition of their efforts and achievements. We look forward to providing these opportunities to staff in 2010–11 as we continue our membership of the Australia Day Council.

OSR Excellence Awards

The OSR Excellence Awards are presented to employees who display our values of responsiveness, integrity, teamwork and achievement in the way they perform their work at OSR.

There are six award categories based on our values. One individual winner is chosen for each value, with the teamwork category having an additional award for a 'team' result. The 'Good Idea Award' is given to an employee who identified an improvement for one or more of our processes or applications.

This year's winners were Greg Shepherd (Overall Excellence Awards winner), Natalie Henderson (Responsiveness), Jackie Attewell and Michelle Walford (Integrity), Gary Edgenton (Teamwork – Individual), the Ministerial Correspondence Unit (Teamwork – Team), Maria Roots (Achievement) and Paul Barton (Good Idea Award).

NSW Service Medallion

The NSW Service Medallion is awarded to employees who have completed 40 or more years of meritorious service to the NSW public service. The medallions are presented by the Premier at a special ceremony for recipients and their guests.

In May 2010, Robert Mielnik, Geoff Underhill and John Murray received much-deserved NSW Service Medallions from the NSW Premier, the Hon. Kristina Keneally MP.

In making the presentations, the Premier spoke about the government's appreciation of the work performed by the public service and the significant contribution that public service officers make to the community.

UWS Intern Awards

In April 2010, we were recognised by UWS for supporting students in gaining valuable industry experience through internships for UWS students and graduates over the past 12 years.

Professor Janice Reid, Vice Chancellor and University President presented OSR with the Loyal Industry Partner Award at the University's Careers and Cooperative Education Awards function held at the UWS Parramatta campus. We offered five internships to UWS students and graduates in 2009–10.



1986

The Department of Finance is relocated from four sites in the Sydney CBD to the Lang Centre in Parramatta.

Learning and development

This year, we delivered over 550 learning and development activities across 200 different programs to staff.

Our internal learning management system, LEAPonline, was launched in 2009. Since its launch, staff have completed 951 e-learning sessions on a variety of topics.

Building the skills and capabilities of our managers, team leaders and supervisors is essential to our continuing success. This year, 64 staff attended internal management programs, including one or more of the following:

- Supervisor Fundamentals
- Managing in OSR
- Certificate IV in Frontline Management.

A new Fair and Balanced Decision-Making workshop was conducted for 125 of our managers. This program provides staff with skills to help improve their consistency and quality in dealing with clients. These workshops support our organisational culture of providing fair and progressive services.

Our support services

Occupational Health and Safety

Our OHS Management System is supported by four programs:

- OHS Fundamentals
- Office Ergonomics
- Injury Management
- Healthy Minds and Bodies.

These programs were developed to streamline information, ensure a proactive approach to minimise injuries within the workplace and ensure a process of continuous improvement.

This year, we focused on improving the health and fitness of our workforce to create higher levels of staff engagement and reduce the incidence of sick leave. We developed a Healthy Minds and Bodies program in partnership with the Peak OHS Committee which is constantly promoted across OSR. Two of our health initiatives are the Spring Health Fair and Winter Wellbeing Program.

The Spring Health Fair ran throughout spring and included a virtual walkathon and information sessions on men's and women's health.

The Winter Wellbeing Program ran throughout autumn to prepare staff for the onset of winter and reduce the incidence of illness. We held information sessions on strategies for a healthy winter and supported this with the annual flu vaccination program. This year, our flu vaccination program was complemented by a new online lifestyle program to help staff optimise their time and energy in making and maintaining healthy changes in their lives.

As part of our injury management and prevention strategy, we delivered a Healthy Minds and Bodies program for team leaders and managers focusing on building resilience.

Employee Assistance Program

Our Employee Assistance Program is available to all employees and their families. The services include counselling, manager support, briefing sessions and advice for staff on work-related or personal issues.

The program continues to be well received by staff and has a utilisation rate above the national average across all industry types.



More information:

<http://www.osr.nsw.gov.au/about/equity/>

Health and safety statistics	2009–10	2008–09	2007–08	2006–07	2005–06
Accident incident reports	141	120	144	251	225
Workers compensation claims*	51	30	44	43	34
Working days lost to compensation claims	2104	1 106	997	1 253	528

* Definition: Number of workers compensation claims with a date of injury from 01/07/2009 to 30/06/2010



OSR's OHS bee character

Information services

We maintain reliable, efficient and responsive support for all technology facilities and applications. Change control processes and proactive monitoring ensure the availability of our information technology systems for staff and clients and that any productivity loss resulting from system downtime is minimised. We achieved 99.99 per cent system availability across all our websites and applications for the year and reduced productivity losses by over \$760 000 in comparison to last year.

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We achieved 99.99 per cent system availability across all our websites and applications for the year and reduced productivity losses by over \$760 000 in comparison to last year.

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We continued to modernise our core tax management system, RECOUPS, with major components being prepared for implementation. However, as mentioned in the Audit Office Client Service Report for the year ended 30 June 2010, the project will not be implemented in the original timeframe and funding. We forecast that the original budget of \$10.2 million will not be sufficient to fully achieve the purpose of this modernisation. Expenditure at 30 June 2010 was \$6.6 million and a revised business case is being prepared for additional funds. The expected delivery date is June 2013 with a staged implementation over the life of the project.

There have also been delays in the development of FES, which was noted both this year and last year by the Audit Office. FES replaces an old Lotus notes based system used by SDRO. This has been a long and complex project, which had an original delivery date of June 2006, and original budgeted cost of \$2.37 million.

Firm implementation dates have now been set. The first phase of migration will start in September 2010 and the last will complete by March 2011. Data and functions will progressively migrate from the old to the new system to reduce the risk of service disruption. The total approved budgeted costs to 30 June 2010 were \$8.146 million. Insufficient understanding of the system requirements and historical data caused delays and consequent cost increases. Over a decade of data was converted to a new and structured system.

The new system will bring significant advantages to the administration of fines and allow for better customer service.

A value for money review was conducted on our Information Services Division this year to ensure the level of service provided to the organisation justifies the cost of providing these services. The review highlighted the division's key areas of strength, including the provision of technical support to staff and the implementation of legislative and high priority changes. The review also verified the efficiency and effectiveness of our information technology functions and identified opportunities to further improve our level of service.

Some of our major completed projects this year included:

- conducting an expenditure review to identify savings of five per cent in 2010–11 and 10 per cent in 2011–12
- enhancing security systems to achieve AS/NZS 27001 compliance
- developing an online system to allow approved organisations to submit and report on WDOs
- implementing and enhancing web-based calculators for tax-based systems
- updating tax and fines applications as a result of State Budget changes.

Our support services

Risks and risk management strategies

In 2009–10, we further strengthened our commitment to managing risks by upgrading OSR Risks Online (ORION). ORION enables all OSR risk information to be recorded and maintained in a central database. The centralisation of this information supports a consistent and well-governed approach to managing risks.

“
All risks identified
in OSR are actively
monitored and
reviewed
”

Business continuity and security

Our business continuity, disaster recovery and crisis management plans, processes and capabilities across the organisation are consistently reviewed to ensure minimal service disruptions.

Our physical security program and operations continue to provide assets, information and staff with a high level of protection and assist in ensuring that security and OHS requirements are consistently met.

Our risk management approach is also supported by a number of documents:

- OSR Risk Management Policy
- Managing our Risks: a Risk Framework for OSR
- OSR Risk Assessment Guidelines.

These documents help guide staff when assessing and managing risk across OSR. They have been reviewed and updated to comply with the Risk Management Standard AS/NZS ISO 31000 and NSW Treasury's Internal Audit and Risk Management Policy (TPP09-05).

Our e-learning program on Managing Risk in OSR helps staff apply our risk framework and guidelines effectively and consistently. It provides staff with the knowledge and skills to conduct risk assessments and manage and monitor risks on an ongoing basis.

All risks identified in OSR are actively monitored and reviewed, and those risks assessed as impacting OSR at a corporate level are reviewed quarterly by our directorate.



Environmental sustainability

Waste reduction and purchasing

We are committed to implementing WRAPP in all our offices. This policy encourages better waste management practices and waste-friendly purchasing. In the areas of recycling paper and cardboard, IT equipment and print consumables, we achieved the following:

Paper and cardboard

We used 79.9 tonnes of paper and cardboard and recycled 94 per cent of this – up from 62.8 per cent reported last year.

The NSW Government Agency Standard recycling rate for paper and cardboard is 63 per cent.

Computer and IT equipment

We recycle all retired IT equipment, with dangerous or hazardous material recovered so that no harmful components end up in landfill. The equipment recycled includes computer equipment and print materials. Some items are auctioned, while other items considered usable are donated to local schools.

Print consumables

We recycle 100 per cent of our printer toners. This year we purchased, used and recycled 620 print toner cartridges. We recycle these with Planet Ark, which is the preferred NSW Government Agency print consumables recycler.

The NSW Government Agency standard for recycling print consumables is 86 per cent.

Purchasing

We have consolidated suppliers of stationery, office paper and toners to improve cost efficiencies and environmental ratings. We purchase stationery made from recycled or recyclable material. We prefer to use Australian made products.

We ensure we meet our requirements under the NSW Government Sustainability Policy. Since 2008, we have been using Forest Stewardship Council (FSC) certified printers for printing publications. Approximately 90 per cent of our publications are printed through our FSC certified suppliers.

Energy Management Policy

Our energy management policies are aimed at reducing energy consumption and replacing our current reliance on fossil fuels with non-polluting, green energy sources. Around six per cent of our total energy consumption comes from renewable, non-polluting sources.

We constantly monitor energy usage and remain committed to the principles of sustainability and reduction in greenhouse gas emissions. We also review new and emerging technologies and encourage staff to reduce overall energy consumption.

Motor vehicle fleet management

We have made significant gains in the management of our fleet this year.

We are committed to meeting the Cleaner NSW Government Fleet Policy targets by increasing the environmental performance of our fleet and reducing total greenhouse gas emissions. We have a number of hybrid and alternative fuel vehicles in the fleet and this will increase during the next 12 months.

Our E10 usage has risen over the last 12 months from 9727 litres to 28 742 litres across our fleet of 26 vehicles. This is up 20 per cent per vehicle on last year. E10 usage represents 43 per cent of our total fuel usage and is well above the NSW State Government guidelines of two per cent.

These measures will continue to see OSR exceed the minimum green rating required in the Cleaner NSW Government Fleet Policy.



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Financial statements

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This information has been incorporated in the consolidated financial statements of the NSW Treasury, which have been certified by the Auditor-General.

”

Executive Director's statement

Pursuant to section 45F of the *Public Finance and Audit Act 1983*, I state that:

- a) the accompanying financial statements in respect of the year ended 30 June 2010 have been prepared in accordance with applicable Australian Accounting Standards, the requirements of the *Public Finance and Audit Act 1983*, applicable clauses of the *Public Finance and Audit Act Regulation 2010*, the requirements of the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies and the Treasurer's Directions
- b) the statements and notes exhibit a true and fair view of the financial position as at 30 June 2010, and transactions for the year then ended
- c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Tony Newbury

9 September 2010

Executive Director and Chief
Commissioner of State Revenue

The following concise financial report is not accompanied by an audit certificate. This information has been incorporated in the consolidated financial statements of the NSW Treasury, which have been certified by the Auditor-General. The audit certificate appears in the NSW Treasury Annual Report.

This concise financial report is an extract from the NSW Treasury Annual Report for the year ended 30 June 2010. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

The concise financial report cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of the agency as the full financial report. Further information can be obtained from the NSW Treasury financial report available free of charge from www.treasury.nsw.gov.au

The accompanying notes, discussion and analysis form part of these concise financial statements.

Financial statements

Statement of comprehensive income

For the year ended 30 June 2010

	Actual 2010	Budget 2010	Actual 2009
	\$'000		
Expenses excluding losses			
Operating expenses			
Employee related	99 175	104 506	95 499
Other operating expenses	38 530	32 321	31 937
Depreciation and amortisation	6 438	12 066	11 269
Grants and subsidies	23 287	23 287	22 739
Total expenses excluding losses	167 430	172 180	161 444
Revenue			
Sale of goods and services	30 299	28 281	29 200
Investment revenue	1 930	1 510	2 013
Retained taxes, fees and fines	227	468	504
Grants and contributions	273	–	27
Other revenue	892	400	950
Total revenue	33 621	30 659	32 694
Gain/(loss) on disposal	(173)	–	(175)
Other gains/(losses)	(352)	–	(217)
Net cost of services	134 334	141 521	129 142
Government contributions			
Recurrent appropriation	112 554	121 107	112 753
Capital appropriation	9 223	9 111	8 194
Acceptance by the Crown Entity of employee benefits and other liabilities	7 314	6 516	7 245
Total government contributions	129 091	136 734	128 192
Surplus/(deficit) for the year	(5 243)	(4 787)	(950)
Other comprehensive income for the year	–	–	–
Total comprehensive income for the year	(5 243)	(4 787)	(950)

Discussion and analysis of the statement of comprehensive income for the year ended 30 June 2010

The net cost of services result was \$134.3 million, which is \$7.2 million (5.1 per cent) lower than budget. This was mainly attributable to:

- lower employee related expenses of \$5.3 million due to delays in filling exempted vacancies under the staff freeze and the flow on effects of internal recruitment. The savings were partially offset by an adjustment made to recreation leave consequential costs
- higher other operating costs of \$6.2 million due to advertising associated with HCAP (\$4.1 million) and higher use of consultancies in preparing an accommodation strategy
- lower depreciation and amortisation of \$5.6 million due to revised useful lives of core business applications and delayed implementation of projects
- higher sale of goods and services of \$2 million due to user pays revenue for processing penalty notices and section 47 certificates
- higher investment revenue and other revenue of \$912 000 due to higher interest rates and refunds of workers compensation hindsight receipts
- losses of \$525 000 from the disposal of assets and debtors relating to pre 1 July 2008 FHOGS grants.

Statement of financial position

As at 30 June 2010

	Actual 2010	Budget 2010	Actual 2009
	\$'000		
Assets			
Current assets			
Cash and cash equivalents	17 723	22 000	23 225
Receivables	7 973	6 850	7 366
Total current assets	25 696	28 850	30 591
Non-current assets			
Receivables	2	101	101
Plant and equipment	12 743	22 409	14 580
Intangible assets	22 206	7 397	18 181
Total non-current assets	34 951	29 907	32 862
Total assets	60 647	58 757	63 453
Liabilities			
Current liabilities			
Payables	4 758	4 134	4 134
Provisions	10 159	9 244	9 244
Other	1 103	214	214
Total current liabilities	16 020	13 592	13 592
Non-current liabilities			
Provisions	123	115	115
Other	117	116	116
Total non-current liabilities	240	231	231
Total liabilities	16 260	13 823	13 823
Net assets	44 387	44 934	49 630
Equity			
Accumulated funds	44 387	44 934	49 630
Total equity	44 387	44 934	49 630

Discussion and analysis of the statement of financial position for the year ended 30 June 2010

Equity decreased \$547 000 (1.2 per cent) from budget due to the following:

Assets

- cash was lower than budget by \$4.3 million due to a reduction in government appropriation partly offset by lower operating costs and higher revenue
- receivables were higher than budget by \$1 million due to an increase in GST receivables
- plant, equipment and intangibles were higher than budget by \$5.1 million due to lower than estimated depreciation and amortisation resulting from an extension to the useful lives of two major applications in OSR and delayed project implementations.

Liabilities

- payables were higher than budget by \$624 000 due to an increase in operating accruals including HCAP advertising
- provisions were higher than budget by \$923 000 primarily due to the recognition of recreation leave consequential costs.

Financial statements

Statement of changes in equity

For the year ended 30 June 2010

	Accumulated funds
	\$'000
Balance at 1 July 2009	49 630
Surplus/(deficit) for the year	(5 243)
Total other comprehensive income	–
Total comprehensive income for the year	(5 243)
Transaction with owners in their capacity as owners	–
Balance at 30 June 2010	44 387
Balance at 1 July 2008	50 580
Surplus/(deficit) for the year	(950)
Total other comprehensive income	–
Total comprehensive income for the year	(950)
Transaction with owners in their capacity as owners	–
Balance at 30 June 2009	49 630

Statement of cash flows

For the year ended 30 June 2010

	Actual 2010	Budget 2010	Actual 2009
	\$'000		
Payments			
Employee related	(91 438)	(97 990)	(86 412)
Grants and subsidies	(23 287)	(23 287)	(22 739)
Other	(43 371)	(38 716)	(40 408)
Total payments	(158 096)	(159 993)	(149 559)
Receipts			
Sale of goods and services	30 251	28 281	30 782
Retained taxes, fees and fines	227	468	504
Interest received	1 648	1 510	2 484
Other	7 740	7 311	10 087
Total receipts	39 866	37 570	43 857
Cash flows from government			
Recurrent appropriation	112 554	121 107	112 753
Capital appropriation (excluding equity appropriations)	9 300	9 111	8 194
Cash transfers to the Consolidated Fund	–	–	(378)
Net cash flows from government	121 854	130 218	120 569
Net cash flows from operating activities	3 624	7 795	14 867
Cash flows from investing activities			
Proceeds from sale of plant and equipment	59	–	7
Purchases of plant and equipment and intangibles	(9 191)	(9 111)	(8 275)
Other	6	–	4
Net cash from investing activities	(9 126)	(9 111)	(8 264)
Net increase/(decrease) in cash	(5 502)	(1 316)	6 603
Opening cash and cash equivalents	23 225	19 291	16 622
Closing cash and cash equivalents	17 723	17 975	23 225

Discussion and analysis of the statement of cash flows for the year ended 30 June 2010

The net cash flow from operating activities was \$3.6 million, representing a \$4.2 million decrease from budget due to:

- a net favourable variance of \$1.9 million in total payments represented by savings of \$6.6 million generated from employee related expenses partly offset by a \$4.7 million overrun in other payments
- higher receipts of \$2.3 million due to increased penalty notice revenue and interest receipts
- lower Consolidated Fund appropriation of \$8.4 million.

The net cash flows from investing activities were \$9.1 million.

Financial statements

Supplementary financial statements – Service Group statements

For the year ended 30 June 2010

	Service Group* 51.2		Service Group* 51.3		Service Group* 51.4		Not attributable		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$'000									
NSW Treasury's expenses and income										
Expenses excluding losses										
Operating expenses										
Employee related	52 441	52 858	40 101	36 721	6 633	5 920	–	–	99 175	95 499
Other operating expenses	18 667	15 528	17 474	14 259	2 389	2 150	–	–	38 530	31 937
Depreciation and amortisation	3 976	7 989	1 963	2 417	499	863	–	–	6 438	11 269
Grants and subsidies	23 287	22 739	–	–	–	–	–	–	23 287	22 739
Total expenses excluding losses	98 371	99 114	59 538	53 397	9 521	8 933	–	–	167 430	161 444
Revenue										
Sale of goods and services	3 465	3 167	26 821	25 956	13	77	–	–	30 299	29 200
Investment revenue	1 365	1 323	393	547	172	143	–	–	1 930	2 013
Retained taxes, fees and fines	–	–	227	504	–	–	–	–	227	504
Grants and contributions	25	24	245	–	3	3	–	–	273	27
Other revenue	801	901	41	5	50	44	–	–	892	950
Total revenue	5 656	5 415	27 727	27 012	238	267	–	–	33 621	32 694
Gain/(loss) on disposal	(154)	(157)	–	(1)	(19)	(17)	–	–	(173)	(175)
Other gains/(losses)	(38)	–	(296)	–	(18)	(217)	–	–	(352)	(217)
Net cost of services	92 907	93 856	32 107	26 386	9 320	8 900	–	–	134 334	129 142
Government contributions**	–	–	–	–	–	–	129 091	128 192	129 091	128 192
Surplus/(deficit) for the year	(92 907)	(93 856)	(32 107)	(26 386)	(9 320)	(8 900)	129 091	128 192	(5 243)	(950)
Other comprehensive income	–	–	–	–	–	–	–	–	–	–
Total comprehensive income	(92 907)	(93 856)	(32 107)	(26 386)	(9 320)	(8 900)	129 091	128 192	(5 243)	(950)
NSW Treasury's assets and liabilities***										
Current assets										
Cash and cash equivalents	–	–	–	–	–	–	17 723	23 225	17 723	23 225
Receivables	2 832	2 077	4 546	4 383	595	906	–	–	7 973	7 366
Total current assets	2 832	2 077	4 546	4 383	595	906	17 723	23 225	25 696	30 591
Non-current assets										
Receivables	1	73	1	21	–	7	–	–	2	101
Plant and equipment	6 448	8 174	5 648	5 631	647	775	–	–	12 743	14 580
Intangibles	9 052	6 741	12 815	11 000	339	440	–	–	22 206	18 181
Total non-current assets	15 501	14 988	18 464	16 652	986	1 222	–	–	34 951	32 862
Total assets	18 333	17 065	23 010	21 035	1 581	2 128	17 723	23 225	60 647	63 453
Current liabilities										
Payables	3 067	2 692	1 364	1 170	327	272	–	–	4 758	4 134
Provisions	5 372	5 116	4 108	3 555	679	573	–	–	10 159	9 244
Other	67	64	23	16	1 013	56	–	–	1 103	214
Total current liabilities	8 506	7 872	5 495	4 741	2 019	901	–	–	16 020	13 592
Non-current liabilities										
Provisions	65	64	50	44	8	7	–	–	123	115
Other	81	84	28	24	8	8	–	–	117	116
Total non-current liabilities	146	148	78	68	16	15	–	–	240	231
Total liabilities	8 652	8 020	5 573	4 809	2 035	916	–	–	16 260	13 823
Net assets	9 681	9 045	17 437	16 226	(454)	1 212	17 723	23 225	44 387	49 630

Supplementary financial statements – Service Group statements

For the year ended 30 June 2010 (cont.)

	Service Group* 51.2		Service Group* 51.3		Service Group* 51.4		Not attributable		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$'000									
Administered expenses and income										
Administered expenses										
Other (Note 6)	51 238	52 411	–	–	717 318	797 779	–	–	768 556	850 190
Total administered expenses	51 238	52 411	–	–	717 318	797 779	–	–	768 556	850 190
Administered income										
Revenues earned (Note 7(a))										
Taxes, fees and fines	16 224 080	15 077 539	330 734	295 658	–	–	–	–	16 554 814	15 373 197
Other	744 438	713 239	–	–	–	–	–	–	744 438	713 239
Total administered income	16 968 518	15 790 778	330 734	295 658	–	–	–	–	17 299 252	16 086 436
Administered income	16 917 280	15 738 367	330 734	295 658	(717 318)	(797 779)	–	–	16 530 696	15 236 246
Less expenses										

* The name and purpose of each Service Group is summarised below.

** Appropriations and acceptance by the Crown Entity of employee benefits and other liabilities are made on an agency basis and not to individual Service Groups. Consequently, government contributions must be included in the 'Not attributable' column.

*** All assets and liabilities with the exception of cash have either been directly allocated where there is a distinct relationship, or allocated using an appropriate base, eg net cost of service. As cash can be applied in achieving the objectives of all Service Groups, it is classified as 'Not attributable'.

Note: Service Group employee related expenses and sale of goods and services revenue for Service Group 51.2 and 51.4 differ to that reported in the New South Wales Treasury Annual Report. This is due to eliminations for transactions between the OFM Service Group and those of OSR.

Note: In the statement of financial position and Service Group statements a reclassification of Capital Work In Progress resulted in a reduction to plant and equipment of \$9.6 million and an increase in intangibles by the same amount. This reclassification conforms to generally accepted accounting principles.

Note: Administered assets and liabilities are disclosed in Notes 3 and 4.

Service Groups of the Agency

Service Group 51.2 – Revenue Administration Services

Ensure effective and equitable collection of revenue from taxes, duties and other sources due to the State of NSW.

Service Group 51.3 – Infringement Processing and Fine Enforcement Management

Ensure effective and timely infringement processing and fine enforcement services.

Service Group 51.4 – Benefits Services

Ensure eligible applicants receive payments due under State Government schemes.

Financial statements

Summary of compliance with financial directives

For the year ended 30 June 2010

	2010				2009			
	Recurrent appropriation	Expenditure/ net claim on consolidated fund	Capital appropriation	Expenditure/ net claim on consolidated fund	Recurrent appropriation	Expenditure/ net claim on consolidated fund	Capital appropriation	Expenditure/ net claim on consolidated fund
	\$'000							
Original budget								
Appropriation/expenditure								
▪ Appropriation Act	120 726	109 230	9 111	8 846	112 798	112 643	8 206	8 198
▪ Section 26 PF and AA – Commonwealth specific purpose payments	1 420	1 164	132	35	–	–	120	–
Other appropriations/expenditure								
▪ Treasurer's advance	2 160	2 160	400	342	–	–	–	–
▪ Section 22 – expenditure for certain works and services	–	–	–	–	206	206	445	45
▪ Transfers from another agency (Section 31 of the Appropriation Act)	–	–	–	–	(96)	(96)	–	–
Total appropriations/expenditure/ net claim on consolidated fund (includes transfer payments)	124 306	112 554	9 643	9 223	112 908	112 753	8 771	8 243
Amount drawn down against appropriation	–	112 554	–	9 300	–	112 753	–	8 194
Liability to consolidated fund (Note 15)	–	–	–	77	–	–	–	(49)

- The summary of compliance is based on the assumption that consolidated fund monies are spent first (except where otherwise identified or prescribed).
- The 'Liability to Consolidated Fund' represents the difference between the 'Amount drawn down against Appropriation' and the 'Total expenditure/net claim on Consolidated Fund'.

Notes to the concise financial statements

For the year ended 30 June 2010

There is no statutory requirement for OSR to prepare a concise financial report and it does not need to comply with Accounting Standard AASB 1039 Concise Financial Reports. However, this concise financial report has been prepared on the basis that it complies with AASB 1039.

1. Administered activities

The agency administers, but does not control, certain activities on behalf of the Crown Entity and commercial clients. It is accountable for the transactions relating to those administered activities but does not have the discretion, for example, to deploy those resources for the achievement of the agency's objectives.

Transactions and balances relating to the administered activities are not recognised as the agency's income, expenses, assets and liabilities, but are disclosed in the accompanying schedules as 'Administered income', 'Administered expenses', 'Administered assets' and 'Administered liabilities'.

The accrual basis of accounting, applicable accounting standards and Crown Entity income recognition policies have been adopted.

In accordance with the Crown Entity's current revenue recognition policy (TC 92/25 'Accounting for Crown Revenue') State revenue is recognised as follows within Note 7(a):

- government-assessed revenues (primarily land tax and gaming) are regarded as being able to be measured reliably at the time of issuing the assessment
- taxpayer-assessed revenues (including payroll tax, duties and lotteries) are regarded as being able to be measured reliably when the funds are received by the agency. Additional revenues are recognised for assessments subsequently issued following the review of returns lodged by taxpayers
- interest payable on government and taxpayer-assessed revenues is brought to account on a daily basis

- enforcement orders issued by SDRO are regarded as being able to be measured reliably when the enforcement order is issued and assessed as recoverable or meeting asset recognition criteria. Penalty notices issued are regarded as being able to be measured reliably when the payment is received.

Receivables and liabilities reported under administered activities are a result of statutory requirements and are not financial instruments.

From 1 July 2008, FHOGS became an administered activity of the agency for the Crown (as opposed to a departmental activity) and is reported under Notes 3 to 6. Receivables owing as at 30 June 2008 remained with OSR. FHOGS receivables are a statutory requirement and are not financial liabilities or financial assets.

The FHOGS amount is net of returns of payments made in relation to contracts not settled and recoveries by compliance auditors of payments made to ineligible applicants. Write-offs are added back. Penalties, imposed in terms of the FHOGS legislation on applicants for wrongful claims, are also netted off against the total amount of payments made in the year. FHOGS receivables are a statutory requirement and are not financial liabilities or financial assets.

The agency became responsible for the collection of lotteries from 1 March 2010 on behalf of the Crown (refer Note 7).

Financial statements

2. Trust funds

Monies held in trust for the Crown Entity and others are not recognised in the financial statements, as OSR cannot use them for the achievement of its objectives. They are held in either a trust bank account or public monies bank account. The following is a summary of the transactions in these accounts:

a) Unclaimed money trust accounts

	Testamentary and trust common fund		Testamentary and trust interest		Companies liquidation		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$'000							
Cash balance at the beginning of the financial year	4 356	4 354	8 089	7 370	20	756	12 465	12 480
Add: receipts	–	3	394	723	–	–	394	726
Less: expenditure	14	1	2	4	–	–	16	5
Transfers to Crown	–	–	–	–	2	736	2	736
Cash balance at the end of the financial year	4 342	4 356	8 481	8 089	18	20	12 841	12 465

b) SDRO client funds account – fines

	2010	2009
	\$'000	
Cash balance at the beginning of the financial year	15 477	14 544
Add: receipts	133 520	125 791
Less: payments	139 276	124 858
Cash balance at the end of the financial year	9 721	15 477

Funds held in this account represent amounts collected on behalf of clients. These funds are remitted to clients in the month following collection.

c) SDRO public monies accounts – fines

	2010	2009
	\$'000	
Cash balance at the beginning of the financial year	7 563	8 599
Add: receipts	168 982	159 365
Less: payments	168 773	160 401
Cash balance at the end of the financial year	7 772	7 563

Amounts held in the public monies account for SDRO represent receipts collected during the debt management process, on behalf of clients that are remitted in the month following receipt.

3. Administered assets – receivables

a) Tax receivables

Assets administered by OSR for the Crown Entity are primarily tax and fine receivables. They are not recognised in the statement of financial position.

	2010	2009
	\$'000	
Current amounts	252 146	254 473
Instalment amounts	21 237	26 586
Appeals and objection amounts	576 304	534 221
Overdue amounts	232 473	232 302
	1 082 160	1 047 582
Less: allowance for impairment	34 135	30 577
Net receivables	1 048 025	1 017 005

The receivables represent taxes and interest owed by clients at the close of business on 30 June 2010 and exclude any credit balances, which are disclosed separately in Note 4. Accrued interest on receivables is not classified as overdue.

Current and instalment amounts

The following is a summary of receivable balances by tax type:

	Current		Instalments		Appeals and objections		Total		Allowance for impairment		Net	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$'000											
Duties ⁱ⁾	104 637	100 803	–	–	545 791	512 264	650 428	613 067	(2 184)	(2 089)	648 244	610 978
Payroll tax	31 271	31 814	–	–	9 914	9 440	41 185	41 254	(5 603)	(6 149)	35 582	35 105
Land tax	107 688	107 563	12 343	20 181	12 393	7 174	132 424	134 918	(248)	(171)	132 176	134 747
Parking space levy	5 497	4 115	–	–	7 785	5 210	13 282	9 325	(189)	(128)	13 093	9 197
Club gaming devices ⁱⁱ⁾	1 810	9 696	8 894	6 405	–	–	10 704	16 101	(4)	–	10 700	16 101
Hotel gaming devices ⁱⁱ⁾	478	470	–	–	230	–	708	470	(26)	–	682	470
Insurance protection tax	–	–	–	–	46	46	46	46	–	–	46	46
Health Insurance	305	–	–	–	–	–	305	–	–	–	305	–
FHOGS	460	12	–	–	145	87	605	99	–	–	605	99
Total receivables	252 146	254 473	21 237	26 586	576 304	534 221	849 687	815 280	(8 254)	(8 537)	841 433	806 743

i) Duties appeals and objections includes an assessment totalling \$531.8 million consisting of \$258.9 million assessed duty and \$272.9 million accrued interest (\$501.7 million consisting of \$258.9 million duty and \$242.8 million interest in 2008–09) which is subject to appeal in the Supreme Court. The Chief Commissioner of State Revenue does not believe that there are grounds for impairing the receivable at this time.

ii) Approved clubs and hotels can pay their quarterly gaming machine tax in three equal instalments without being charged interest for the late payment. The scheme aims to assist those demonstrating financial hardship.

Financial statements

Overdue amounts

	Less than 30 days		30–90 days		Greater than 90 days		Total		Allowance for impairment*		Net	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
\$'000												
Duties	1 271	1 547	1 596	986	10 518	7 646	13 385	10 179	(3 469)	(2 283)	9 916	7 896
Payroll tax	3 360	3 887	8 894	9 941	45 329	36 350	57 583	50 178	(18 607)	(17 408)	38 976	32 770
Land tax	7 467	10 253	19 322	17 581	130 650	139 541	157 439	167 375	(2 655)	(1 666)	154 784	165 709
Parking space levy	66	3	187	101	316	994	569	1 098	(398)	(237)	171	861
Club gaming devices	221	101	-	40	946	911	1 167	1 052	(119)	-	1 048	1 052
Hotel gaming devices	-	-	60	251	162	578	222	829	(41)	-	181	829
FHOGS	92	35	347	162	1 652	1 394	2 091	1 591	(592)	(446)	1 499	1 145
Insurance protection tax	17	-	-	-	-	-	17	-	-	-	17	-
Total receivables	12 494	15 826	30 406	29 062	189 573	187 414	232 473	232 302	(25 881)	(22 040)	206 592	210 262

* The allowance for impairment relates to matters primarily greater than 90 days overdue.

Recovery of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. The credit risk is the carrying amount (net of any allowance for impairment). Interest is charged on overdue receivables in accordance with section 22 of the *Taxation Administration Act 1996*. The carrying amount approximates fair value.

Debt recovery action may result in negotiated payment arrangements or the initiation of legal debt recovery procedures, if clients are unwilling to pay.

Land tax

Under the *Land Tax Management Act 1956*, a charge is held over land owned by taxpayers for unpaid land tax. If normal recovery procedures have been unsuccessful, a caveat is generally registered on the title until the debt is paid.

b) Fine receivables (SDRO)

	2010			2009		
	Crown	Commercial	Total	Crown	Commercial	Total
\$'000						
Opening balance	688 143	275 745	963 888	676 281	268 601	944 882
Movement excluding write off adjustment	20 827	32 463	53 290	49 928	22 476	72 404
Write off adjustment	(11 109)	(4 432)	(15 541)	(38 066)	(15 332)	(53 398)
	697 861	303 776	1 001 637	688 143	275 745	963 888
Less: amounts not meeting asset recognition criteria ⁱ⁾	(536 698)	(224 708)	(761 406)	(565 194)	(222 163)	(787 357)
Closing balance	161 163	79 068	240 231	122 949	53 582	176 531

i) An estimate is prepared each year of amounts considered to not meet asset recognition criteria as no economic benefit is reasonably likely to be realised. The estimate is based on the age of the receivable, the receivables classification (eg parking, speeding, court issued, fees etc), active time to pay arrangements and past recovery experience.

The following is a summary of receivable balances by year of enforcement and type at 30 June 2010:

Type	2010	2009	2008	2007	Pre 2007	Total	Amounts not meeting asset recognition criteria	Net
	\$'000							
Crown								
Motor traffic	61 687	43 647	33 984	28 814	225 084	393 216	284 409	108 807
Court	10 537	10 295	10 517	9 787	114 143	155 279	124 570	30 709
Fees	20 755	12 865	10 720	8 716	62 876	115 932	97 481	18 451
Other	6 534	5 533	2 742	2 088	16 537	33 434	30 238	3 196
Crown total	99 513	72 340	57 963	49 405	418 640	697 861	536 698	161 163
Commercial ⁱ⁾	60 837	39 009	32 086	27 918	143 926	303 776	224 708	79 068
Total owing	160 350	111 349	90 049	77 323	562 566	1 001 637	761 406	240 231

i) Includes amounts administered on behalf of local councils, fees payable to the RTA and the Department of Justice and Attorney-General.

\$15.5 million (\$53.4 million 2008–09) of fine receivables approved to be written off have been brought to account in the above figures and will be written off in the subsidiary ledger in 2010–11.

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4. Administered liabilities

Credit balances against tax receivables have not been netted off against the receivables reported in Note 3 and are required to be shown separately as administered liabilities.

	2010	2009
	\$'000	
Duties	3 304	7 514
Payroll tax	3 900	8 221
Land tax	7 806	7 591
Parking space levy	222	226
Club gaming devices	304	–
Hotel gaming devices	1	10
Insurance protection tax	121	25
FHOGS	24	13
Fines	92	58
Total administered liabilities	15 774	23 658

The credit balances are primarily matters awaiting final assessments pending receipt of additional information. Credit situations are also created where taxes are paid in advance or overpayments are to be refunded to clients. Credit balances for fines represent overpayments.

5. Administered income – debts written off/remissions

a) Debts written off

	2010			2009		
	Tax	Penalties/ interest	Total	Tax	Penalties/ interest	Total
	\$'000					
Duties	974	413	1 387	3 174	1 720	4 894
Parking space levy	38	26	64	7	4	11
Payroll tax	12 968	7 495	20 463	12 081	6 578	18 659
Land tax	1 163	844	2 007	397	407	804
Club gaming devices	3	7	10	6	9	15
Hotel gaming devices	57	50	107	107	50	157
FHOGS	222	60	282	749	239	988
Total debts written off	15 425	8 895	24 320	16 521	9 007	25 528

A debt is only considered irrecoverable where it is either uneconomic to recover, the debtor cannot be located, the personal or financial circumstances of the debtor do not warrant the taking of recovery action, legal proceedings through the courts have proved unsatisfactory or legal advice suggests follow up would be ineffective.

b) Remissions

In accordance with the *Taxation Administration Act 1996* administered by OSR, the Chief Commissioner of State Revenue or his delegate has the discretionary power to remit partially or wholly a statutory penalty and/or interest.

Penalties and interest remitted during the year amounted to:

	2010			2009		
	Penalties	Interest	Total	Penalties	Interest	Total
	\$'000					
Duties	8	6 217	6 225	41	2 377	2 418
Parking space levy	13	1 821	1 834	–	1 037	1 037
Payroll tax	386	15 624	16 010	337	10 915	11 252
Land tax	12	17 810	17 822	–	16 586	16 586
Health insurance levies	–	389	389	–	1	1
Club gaming devices	–	880	880	–	569	569
Hotel gaming devices	–	995	995	–	409	409
Fixed odds sports betting	–	7	7	–	–	–
Fixed odds racing betting	–	2	2	–	–	–
FHOGS	21	–	21	12	–	12
Total remissions	440	43 745	44 185	390	31 894	32 284

Interest and penalties can be remitted in part or full if the client can provide a satisfactory explanation for the default.

Financial statements

6. Administered expenses – other

During the year, OSR incurred the following expenses on behalf of the Crown Entity:

	2010	2009
	\$'000	
Act of Grace payments	242	1 833
Petroleum subsidies ⁱ⁾	3 648	43 200
Court imposed interest payments	3 524	1 204
Unclaimed money refund – Section 14 <i>Public Finance and Audit Act 1983</i>	56	137
Bad debts expense ⁱⁱ⁾	27 878	32 743
Land tax discounts ⁱⁱⁱ⁾	20 022	18 065
GST rebate – Clubs ^{iv)}	18 041	18 446
FHOGS	695 145	734 562
Total administered expenses	768 556	850 190

i) Petroleum subsidies are paid to petroleum distributors to enable northern NSW retailers to compete with Queensland retailers who are provided with a subsidy by the Queensland Government. The scheme was abolished from 1 July 2009. Claims paid during 2010 relate to petroleum sales up to 30 June 2009.

ii) From 1 July 2008, FHOGS became an administered activity of the NSW Treasury on behalf of the Crown. Bad debts expense for 2009–10 includes an allowance for impairment of \$591 950 for FHOGS (2008–09 \$446 136).

iii) A 1.5 per cent discount is offered to land tax clients for full payment of their liability by the first instalment date.

iv) The GST rebate is paid to clubs to compensate for the impact of the GST. It is based on gaming profits and is paid quarterly.

7. Administered income – Crown entity

Administered income information is presented on a revenue earned (accruals) and revenue collected (cash) basis.

a) Revenue earned

	Actual	Budget	Actual
	2010	2010	2009
	\$'000		
Taxes, penalties and interest			
Duties ⁱ⁾	5 182 521	4 081 100	4 108 378
Parking space levy ⁱ⁾	102 610	100 000	51 385
Payroll tax ^{i) ii)}	7 049 004	7 044 000	7 212 045
Land tax ^{i) ii)}	2 335 199	2 354 000	2 288 690
Health insurance levy ⁱ⁾	141 653	137 000	132 935
Insurance protection tax	66 496	68 750	67 339
Sub total	14 877 483	13 784 850	13 860 772
Gaming and racing			
Lotteries ^{v)}	104 252	101 962	–
Keno tax	10 551	10 752	9 919
Totalizator tax on and off course totes ⁱ⁾	155 429	156 600	151 811
Fixed odds sports betting ⁱ⁾	8 089	5 723	7 173
Fixed odds racing betting	847	426	403
Footy TAB	659	672	775
Club gaming devices ^{i) iv)}	641 030	650 000	636 260
Hotel gaming devices ^{i) iv)}	425 740	432 700	410 426
Total gaming and racing	1 346 597	1 358 835	1 216 767
Total taxes, penalties and interest	16 224 080	15 143 685	15 077 539
Fines ⁱⁱⁱ⁾			
Motor traffic fines	272 851	281 300	251 918
Fees	41 855	35 000	36 198
Court fines	11 930	8 100	6 672
Other fines	4 098	1 600	870
Total fines	330 734	326 000	295 658
Total taxes, fines, penalties and interest	16 554 814	15 469 685	15 373 197
Other			
Tax equivalents	733 562	726 000	701 627
Unclaimed money	9 850	3 000	10 405
Other revenue	1 026	530	1 207
Total other	744 438	729 530	713 239
Total revenue earned	17 299 252	16 199 215	16 086 436

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i) Included in the revenue earned figures are interest and penalties amounting to:

	2010	2009
	\$'000	
Duties	44 750	50 514
Parking space levy	4 509	1 643
Payroll tax	31 211	29 249
Land tax	30 465	40 622
Health insurance levy	695	1
Fixed odds sports betting	7	–
Fixed odds racing betting	2	–
Club gaming devices	883	949
Hotel gaming devices	860	849
Total	113 382	123 827

ii) The budgets for payroll tax and land tax include consolidation elimination estimates for public sector agencies of \$872.4 million and \$2.4 million respectively.

iii) \$38.2 million has been recognised in fines revenue that relates to the increase in recoverable fines for the current year (refer to Note 3 (b)).

iv) Approved clubs and hotels can pay their quarterly gaming machine tax in three equal instalments without being charged interest for the late payment. The scheme aims to assist those demonstrating financial hardship.

v) From March 2010 OSR became responsible for collection of lotteries duty on behalf of the Crown (refer Note 1).

b) Revenue collected

	Actual 2010	Actual 2009
	\$'000	
Taxes, penalties and interest		
Duties	5 130 121	4 049 440
First home purchase scheme	10	10
Total duties	5 130 131	4 049 450
Parking space levy	97 675	51 211
Payroll tax	7 000 873	7 166 648
Land tax	2 307 993	2 194 544
Health insurance levy	140 959	132 933
Insurance protection tax	66 576	67 303
Sub total	9 614 076	9 612 639
Gaming and racing		
Lotteries ⁱ⁾	104 252	–
Keno tax	10 551	9 919
Totalizator tax on and off course totes	155 429	151 811
Fixed odds sports betting	8 082	7 173
Fixed odds racing betting	845	403
Footy TAB	659	775
Club gaming devices	645 723	631 649
Hotel gaming devices	424 998	409 811
Total gaming and racing	1 350 539	1 211 541
Total taxes, penalties and interest ⁱⁱ⁾	16 094 746	14 873 630
Fines		
Motor traffic fines	245 514	232 829
Fees	36 268	36 199
Court fines	7 036	6 672
Other fines	3 702	870
Total fines	292 520	276 570
Total taxes, fines, penalties and interest	16 387 266	15 150 200
Other		
Tax equivalents	733 562	701 627
Unclaimed money	9 850	10 421
Other revenue	1 026	1 207
Total other	744 438	713 255
Total revenue collected	17 131 704	15 863 455

i) From March 2010 OSR became responsible for the collection of lotteries on behalf of the Crown (refer Note 1).

ii) Amounts totalling \$58.1 million (\$20.5 million 2008–09) paid on 30 June 2010 and transferred to the Crown Entity on 1 July 2010 are included in the above figures.

8. Administered contingent liabilities and contingent assets

There are currently 167 matters where the Crown Solicitor or other legal firms are acting on behalf of the NSW Treasury. A settlement estimate for these matters cannot be reliably determined.

Refund claims totalling \$27.6 million were paid in 2010 for general insurance duty following a Court decision in 2009. Any residual contingent liability cannot be reliably estimated.

End of concise financial statements.

Appendices

Appendix 1 – Legislative changes

A number of amendments were made to the legislation we administer. Full details of these changes can be obtained by referring to the relevant Act.

State Revenue Legislation Amendment (Defence Force Concessions) Act 2009

Amends the following Acts:

First Home Owner Grant Act 2000

- allow a grant, similar to FHOGS, to be paid to members of the defence force who are first home owners but do not comply with the residence requirement for FHOGS.

Duties Act 1997

- provide that members of the defence force do not have to comply with the residence requirement to be eligible for duty concessions under FHP.

State Revenue Legislation Further Amendment Act (No. 2) 2009

Amends the following Acts:

Duties Act 1997

- make further provision for the valuation of land holdings of unit trust schemes, private companies and listed companies in connection with determining whether those unit trust schemes or companies are landholders for the purposes of landholder duty
- make further provision for liability for landholder duty in respect of an acquisition of an interest in a landholder that is made by a trustee or by a person acting in more than one capacity
- make persons who acquire or hold an interest in a landholder as a creditor liable for landholder duty in certain circumstances and to clarify the meaning of 'interest' in a landholder
- prevent the use of terms of contracts or other means to avoid liability for landholder duty
- clarify the types of interests in land that are treated as dutiable property under that Act
- make other minor changes to that Act as a consequence of the recent significant changes to landholder duty and mortgage duty provisions.

Payroll Tax Act 2007

- establish a new test for determining whether wages are taxable in NSW that is consistent with complementary legislation being adopted by other States and Territories.

Parking Space Levy Act 2009

- clarify the time within which the parking space levy must be paid in order to avoid penalty.

State Revenue Legislation Amendment Act No. 46 of 2010

Amends the following Acts:

Duties Act 1997

- extend HCAP so that it continues to apply until 30 June 2010
- introduce a new duty concession scheme for new housing, to be called the NSW Home Builders Bonus
- introduce a number of new duty concessions and exemptions, and introduce limits to others
- make further provision for the charging of duty in respect of dutiable transactions and the acquisition of interests in a landholder
- extend the circumstances in which an agreement or arrangement with respect to a call option will be considered to be a dutiable transaction
- clarify assessment arrangements for mortgage duty
- make other miscellaneous amendments, including amendments of a law revision nature.

Gaming Machine Tax Act 2001

- change gaming machine tax rates for hoteliers from 1 July 2010 onwards.

Health Insurance Levies Act 1982

- update the list of authorised agents under that Act.

Insurance Protection Tax Act 2001

- abolish the tax under that Act from 1 July 2011.

Land Tax Management Act 1956

- enable a special disability trust to be treated as a concessional trust for land tax purposes
- enable a land tax reduction to be applied in certain circumstances in respect of mixed development and mixed use land, where certain concessions are available under the principal place of residence exemption that would apply if the land were residential land
- make further provision with respect to the principal place of residence exemption
- make further provision with respect to the classification of trusts as special trusts for land tax purposes
- revoke the power of the Chief Commissioner of State Revenue to alter unit entitlements under a strata scheme for land tax purposes
- make other miscellaneous amendments, including amendments of a law revision nature.

Payroll Tax Act 2007

- reduce rates of payroll tax
- exempt wages paid or payable to an employee in respect of paternity leave from payroll tax
- make further provision for rebates for apprentice/trainee wages.

Taxation Administration Act 1996

- clarify the assessment process for taxpayers who are jointly and severally liable for tax
- make provision for a savings of a transitional nature as a consequence of the repeal of the petroleum products subsidy legislation.

Unclaimed Money Act 1995

- authorise the Chief Commissioner of State Revenue to process claims for the payment or repayment of unclaimed money that are made under the *Legal Profession Act 2004* or the *Trustee Companies Act 1964*, by applying the *Unclaimed Money Act 1995* to those claims
- enable the publication under the *Unclaimed Money Act 1995* of amounts received as unclaimed money under those other Acts
- enable an enterprise that has paid unclaimed money to the Chief Commissioner of State Revenue, and subsequently paid the money to the owner, to reclaim the money from the Chief Commissioner of State Revenue.

The Act also repeals the *Petroleum Products Subsidy Act 1997* and the *Petroleum Products Subsidy Regulation 2004*.

Duties Amendment (NSW Home Builder Bonus) Act No. 49 of 2010

Amends the following Act:

Duties Act 1997

- make further provision in relation to the NSW Home Builders Bonus (the duty exemption and concession scheme established by the *State Revenue Legislation Amendment Act 2010*).

Statute Law (Miscellaneous Provisions) Act 2010

Amends the following Act:

Fines Act 1996

- incorporates the definition of appropriate officers in the Act as a class of persons currently prescribed as appropriate officers in the *Fines Regulation Act 2005*.

Appendices

Significant legal cases decided

Melteal Pty Ltd v Chief Commissioner of State Revenue (2010) NSWADT 116

Issue:

Whether a refund is payable of the ad valorem duty paid on a *Real Property Act 1900* transfer executed in 2000 and registered in 2001, which was subsequently declared void by the Supreme Court in 2007.

Details:

The applicant, Melteal Pty Ltd sought judicial review of the Chief Commissioner of State Revenue's decision to refuse to refund duty paid in respect of a transfer of real property. On 1 December 2000, the transfer was executed between Mr Tsung Chin Lin (as transferor) and Melteal Pty Ltd (as transferee) for a consideration of \$1. On 9 January 2001, the transfer was registered.

On 5 July 2007, in consequence of legal action commenced on behalf of Mr Lin's estate, the Supreme Court declared that the transfer was void on the basis that Mr Lin lacked the necessary capacity at the time of executing the transfer. The Supreme Court ordered that the subject property be transferred back to Mr Lin and that his estate be subject to management under the *Protected Estates Act 1983*.

Outcome:

The ADT determined, as a fundamental issue, that until the Supreme Court declared the transfer void in 2007, it was merely voidable prior to that time and was, until the declaration, of full force and effect. Melteal Pty Ltd registered the transfer and it remained fully operative upon its terms (until declared void by the court), which is consistent with section 42 of the *Real Property Act 1900*. Had Melteal Pty Ltd sold the property during the relevant period, a purchaser without knowledge of any defects would have obtained good title to the property. Thus, the transfer did not fail in its intended operation and no refund was payable under section 293.

The ADT also found that there was no evidence that Melteal Pty Ltd, as nominee, held the property on bare trust for Mr Lin. In fact, it was clear that the beneficiaries of the Family Trust had the beneficial interest in the whole of the property and thus an exemption under section 56 was unavailable.

Amir v Chief Commissioner of State Revenue (2010) NSWADT 93

Issue:

Whether the purchasers of the property were the 'owners' of that property pursuant to section 26(3) and section 3(d) of the *Land Tax Management Act 1956* as at 31 December 2008.

Details:

If the purchasers were deemed the owners, the applicants, notwithstanding they were the registered proprietors of the property as at 31 December 2008, would not be liable for land tax in respect of the 2009 land tax year.

Outcome:

The ADT took the view that the purchasers were entitled, under the terms of the agreement for sale, to exclusive possession of the property and this was the case as at 31 December 2008.

Section 26(3)(b) of the Act requires that the purchaser must have taken possession of the land. In this case, the purchasers were deemed to have taken possession and were the owners of the property for the 2009 land tax year.

Chief Commissioner of State Revenue v Northern NSW Football Ltd (RD) (2010) NSWADTAP 28

Issue:

Whether Northern NSW Football Ltd (NNSWF) was entitled to exemptions from payroll tax and duties by virtue of being a non-profit organisation with a 'charitable' purpose under the relevant provisions of the *Duties Act 1997* and *Payroll Tax Act 2007*.

Details:

Judicial Member Hole found for the NNSWF, holding that the dominant purpose (as per the requirement of the legislation) of the entity was 'to provide and promote football as an undertaking which benefits communities, the benefit being the improvement in the health and general wellbeing of participants' which was ultimately a charitable purpose. The Judicial Member found support for this proposition in a decision of the Ontario High Court of Justice in *Re Laidlaw Foundation* (1984) 13 DRL (4th) 491. The Chief Commissioner of State Revenue appealed the decision.

Outcome:

The Appeal Panel found that the dominant purpose of the NNSWF was the promotion of football 'which incidentally has the attribute of being beneficial to the community'. It then moved on to consider whether such a purpose can be classed as charitable, ultimately agreeing with the Chief Commissioner of State Revenue that the ADT and Appeal Panel are bound by Australian decisions establishing the principle that 'to encourage sport is not charitable'.

NNSWF has appealed the Appeal Panels decision.

Paul Murphy Real Estate Pty Ltd v Chief Commissioner of State Revenue (No 2) (RD) (2010) NSWADTAP 42

Issue:

Whether, given the provisions of section 42 of the *Payroll Tax Act 2007*, the grouping provisions found in section 106I of the *Taxation Administration Act 1996* (which replaced section 16D) apply to trustees who carry on business in their capacity as trustees and which are trustees of businesses in which wages are paid.

Details:

In the 2008–09 payroll tax year, Paul Murphy Real Estate Pty Ltd appealed a decision of the ADT which affirmed the decision of the Chief Commissioner of State Revenue to group the appellant and Belmore Maitland Pty Ltd for the purposes of payroll tax. The appellant, as trustee of the Paul Murphy Family Trust, owned and conducted a real estate business and the other group member, Belmore Maitland Pty Ltd as trustee of the Belmore Maitland Unit Trust, owned and conducted a hotel business. The groups in this matter were based on common control as defined in the *Payroll Tax Act 2007*.

Outcome:

The Appeal Panel noted that the critical issue was the consideration of Justice Lee's decision in *Permanent Trustee*. The Appeal Panel rejected the appellant's argument that the ratio of *Permanent Trustee* should extend to all grouping principles which operate on the basis of ownership of trustee companies or exclusive ownership, rather than the beneficial control of the underlying business. It considered previous cases that considered and applied *Permanent Trustee*.

The Appeal Panel found no error of law in the decision at first instance.

Appendices

Appendix 2 – Payroll tax harmonisation

Legislative harmonisation

NSW guided the development and implementation of the newly harmonised nexus provisions. This means all jurisdictions now use the same rules when determining in which jurisdiction payroll tax is payable.

The main benefits of harmonisation for NSW businesses include reducing 'red tape' through simplified processes, removing the duplication of effort, and reducing the time and cost spent understanding and complying with different jurisdictional obligations. Harmonisation also supports business investment, improves competitiveness and increases productivity.

Administrative harmonisation

This year, the Harmonisation Committee established the Revenue Rulings Sub-Committee, comprising representatives from all jurisdictions. The Sub-Committee develops and maintains harmonised revenue rulings and guidelines.

The major achievements in NSW during 2009–10 include:

- agreement to four procedural documents between the revenue offices governing consultation on objections and appeals, exemptions and exclusions, revenue rulings and maintaining harmonisation. These protocols aim to ensure consistent interpretation of legislation. Using the guidelines in these documents, the jurisdictions consulted on three objection matters, 72 requests from clients for exemptions and 26 requests for an exclusion from a group
 - completion of a six month trial of joint NSW-Victorian audits. National audits to be conducted by one revenue office on behalf of two or more offices will begin in the 2010–11 financial year
 - development of the payroll tax nexus provisions factsheet, explaining the new provisions and outlining in which jurisdictions clients are liable for payroll tax
 - development of guidelines to provide information on employment relationships to assist employers, principals and their professional representatives in determining whether or not their workers are employees
- publication of a statement on the website of each revenue office informing clients that each of the revenue offices and the Australian Taxation Office share information for the purpose of administering taxation laws and to assist in the proper identification and accurate assessment of taxation liabilities.

Our major outcomes planned for 2010–11 include harmonising the interest and penalty provisions relating to payroll tax and developing consistent payroll tax training and client education material by 1 October 2010.

Each revenue office has taken responsibility for developing and maintaining internal technical training material for specific payroll tax topics. NSW is responsible for grouping and exclusions, while Queensland is looking after wages. Victoria is responsible for contractors and South Australia is looking after exemptions.

The delivery of common internal training material will reduce duplication of work with each jurisdiction using the common material for training. Only State or Territory specific differences, such as rates and thresholds, will need to be added.

The desired outcome of consistent client education is to have common seminar material and eliminate the need for revenue offices to deliver interstate seminars, and have the 'home' State or Territory present the common material.

Appendix 3 – Expenditure on consultants

Consultants costing \$50 000 or more

Consultant	Project	Amount ex GST (\$)	Category
Capgemini Consulting	Fines and tax reforms review	81 400	Information Technology
Changeangels	Office accommodation	234 899	Management Services
KPMG	Discussion paper on unique identifiers	65 690	Organisational Review
KPMG	Value for money review	195 000	Information Technology
KPMG	Project governance and enterprise project management	70 400	Management Services
PM Partners Group	Implementation report of PRINCE2 across OSR	51 800	Management Services
Sterling Executive Partners	Skills audit ISD staff	128 622	Organisational Review
Total		827 811	

Consultants costing less than \$50 000

There were 29 consultancies each costing less than \$50 000 totalling \$317 742.

Consultant	Project	Category
Australis Facilities Management	Inspect and assess 31-39 Macquarie Street, Parramatta	Management Services
Australis Facilities Management	Inspect and assess 97 Scott Street and 525 High Street, Maitland	Management Services
Australis Facilities Management	Inspect and assess 132 Marsden Street, Parramatta	Management Services
Bizcubed Pty Ltd	Business intelligence and financial reporting review	Information Technology
CETEC	NABERS audit – facilities	Management Services
Cliff Reece and Associates	Crisis management plan – business continuity review and testing	Management Services
Currie and Brown	Value management study – Parramatta and Hunter accommodation project	Management Services
Dr Walsh and Associates	Value for money and continuous improvement methodologies review	Management Services
Eastview Pty Ltd	Business case report – Hunter and Parramatta	Management Services
Getronics	Professional services	Information Technology
HayGroup	Benchmarking project	Organisational Review
Insyght Group	Business analysis report	Management Services
Lyn Baker	Review of SDRO	Management Services
McInnes Partners	Staff evaluation report	Organisational Review
PM Partners	EPMO implementation plan	Management Services
Prescient Pty Ltd	Data mining model review	Information Technology
Property Beyond Pty Ltd	Final business case report: Hunter/Newcastle office accommodation project	Management Services
Valuer Advisors Associates	RAS property valuation consultancy	Legal

The total cost of OSR consultancies was \$1 145 553.

Appendices

Appendix 4 – Freedom of Information

This year, we received 51.5 per cent fewer applications for personal information than the previous year. Personal applications are no longer registered as Freedom of Information but are now dealt with by OSR under the provisions of the *Privacy and Personal Information Protection Act 1998*.

No ministerial certificates were issued. We did not receive requests for amendment or notation of personal records and there were no fee refunds for correction of personal records.

Some of our staff undertook extensive training in preparation for the introduction of the *Government Information (Public Access) Act 2009* on 1 July 2010. Authorised proactive publication of government information was extended in anticipation of the new legislation. A working party was formed to help the FOI Coordinator usher in the new laws.

Section A – Freedom of Information requests

	Personal		Other		Total	
	2009–10	2008–09	2009–10	2008–09	2009–10	2008–09
New (including transferred in)	64	132	59	59	123	191
Brought forward	13	2	6	1	19	3
Total to be processed	77	134	65	60	142	194
Completed	49	104	45	46	94	150
Discontinued	24	17	17	8	41	25
Total processed	73	121	62	54	135	175
Unfinished (carried forward)	4	13	3	6	7	19

Section B – Discontinued applications

	Personal		Other		Total	
	2009–10	2008–09	2009–10	2008–09	2009–10	2008–09
Request transferred to another agency	19	7	12	0	31	7
Applicant withdrew request	5	9	2	5	7	14
Applicant failed to pay advance deposit	0	1	3	3	3	4
Applicant failed to amend a request that would have been an unreasonable diversion of resources	0	0	0	0	0	0
Total discontinued	24	17	17	8	41	25

Section C – Completed applications

	Personal		Other		Total	
	2009–10	2008–09	2009–10	2008–09	2009–10	2008–09
Granted in full	31	75	39	40	70	115
Granted in part	5	12	1	1	6	13
Refused	4	4	3	3	7	7
Number of documents held	9	13	2	2	11	15
Completed	49	104	45	46	94	150

Section D – Refused applications (exempt documents)

	Personal		Other		Total	
	2009–10	2008–09	2009–10	2008–09	2009–10	2008–09
Documents affecting law enforcement and public safety (Clause 4)	0	0	0	2	0	2
Documents affecting personal affairs (Clause 6)	1	3	0	1	1	4
Documents affecting business affairs (Clause 7)	0	0	0	0	0	0
Documents containing confidential material (Clause 13)	0	0	0	0	0	0
Documents concerning operations of agencies (Clause 16)	1	0	1	0	2	0
Other exemptions (eg Clauses 20, 22A and 26)	2	1	2	0	4	1
Total applications including exempt documents	4	4	3	3	7	7

Section E – Formal consultations

	Number	
	2009–10	2008–09
Number of applications requiring formal consultations	11	9
Number of people formally consulted	21	21

Section F – Fees and costs

	Assessed costs		Fees received	
	2009–10	2008–09	2009–10	2008–09
	\$			
All completed applications	10 865	9 210	9 815	5 605

Section G – Fee discounts

	Personal		Other		Total	
	2009–10	2008–09	2009–10	2008–09	2009–10	2008–09
Processing fees waived in full	0	1	2	4	2	5
Public interest discounts	0	0	3	6	3	6
Financial hardship discounts – pensioner or child	2	5	0	0	2	5
Financial hardship discounts – non-profit organisation	0	0	0	0	0	0
Total	2	6	5	10	7	16

Appendices

Section H – Days taken to complete request

	Personal		Other		Total	
	2009–10	2008–09	2009–10	2008–09	2009–10	2008–09
0–21 days – statutory determination period	34	72	13	35	47	107
22–35 days – extended statutory determination period for consultation or retrieval of archived records (section 59B)	13	14	28	2	41	16
Over 21 days – deemed refusal where no extended determination period applies	1	16	0	7	1	23
Over 35 days – deemed refusal where extended determination period applies	1	2	4	2	5	4
Total	49	104	45	46	94	150

Section I – Processing time (hours)

	Personal		Other		Total	
	2009–10	2008–09	2009–10	2008–09	2009–10	2008–09
0–10 hours	47	102	43	45	90	147
11–20 hours	1	2	1	1	2	3
21–40 hours	1	0	1	0	2	0
Over 40 hours	0	0	0	0	0	0
Total	49	104	45	46	94	150

Section J – Number of reviews

	Number	
	2009–10	2008–09
Internal reviews	2	7
Ombudsman reviews	0	1

Section K – Results of internal reviews for 2009–10

	Personal		Other		Total	
	Original Agency decision					
	Upheld	Varied	Upheld	Varied	Upheld	Varied
Access refused	0	0	1	0	1	0
Access referred	0	0	0	0	0	0
Exempt matter deleted from documents	1	0	0	0	1	0
Unreasonable charges	0	0	0	0	0	0
Total	1	0	1	0	2	0

Appendix 5 – Staffing

Analysis of staffing and recruiting

Staff by employment basis

Level	Staff	Women	Racial, Ethnic and Ethnic Religious	Aboriginal and Torres Strait Islander	People with a disability
	2009–10				
	Percentage				
Full-time	85.7	50.3	20.6	0.7	3.6
Part-time	14.2	13.3	1.6	0.2	0.5
Casual	0.1	0.1	0.0	0.0	0.0
Total	100.0	63.7	22.2	0.9	4.1

Recruitment over five years

Level	2009–10	2008–09	2007–08	2006–07	2005–06
Total staff	1 249	1 187	1 186	1 102	1 120
Recruited in year	141	120	227	159	106
Aboriginal and Torres Strait Islander	0	4	7	5	4
People with a disability	4	5	5	5	9

Analysis of staff by classification

Level	2009–10			2008–09			2007–08		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
SES	6	1	7	6	1	7	7	1	8
Senior officer other than SES	10	4	14	10	3	13	7	2	9
Managers	34	30	64	34	22	56	41	30	71
Professionals	137	105	242	135	108	243	121	89	210
Technicians and trade workers	8	3	11	7	4	11	9	2	11
Community personal service workers	0	0	0	0	0	0	0	0	0
Clerical and administration workers	258	653	911	243	614	857	260	617	877
Sales workers	0	0	0	0	0	0	0	0	0
Machinery operators and drivers	0	0	0	0	0	0	0	0	0
Labourers	0	0	0	0	0	0	0	0	0
Total	453	796	1 249	435	752	1 187	445	741	1 186

Senior Executive Service staffing profile

Level	2009–10							2008–09						
	1	2	3	4	5	6	Total	1	2	3	4	5	6	Total
Total	1	0	4	1	0	1	7	1	0	4	1	0	1	7

Appendices

SES Performance Statement for level five and above

Name

Tony Newbury

Position and level

Executive Director and Chief
Commissioner of State Revenue

SES Level 6

Total remuneration package

\$284 203

Results

Mr Newbury is accountable to the Secretary of Treasury for the strategic leadership and operational management of OSR.

Under Mr Newbury's leadership, OSR provided effective revenue administration to enable the NSW Government to fund a wide range of essential services.

Mr Newbury represented State and Territory Revenue Offices on the SBR project, a national reform initiative being led by the Australian Treasury. The SBR software application will offer Australian businesses, agents, and payroll professionals a quicker and simpler way to complete and lodge reports to government.

Mr Newbury also oversaw the development of strategies to meet the expected increase in fines processing, as a result of the RTA's Road Safety Program.



Michael Schur

Secretary

NSW Treasury

Equal Employment Opportunity

We are committed to implementing our obligations under the EEO legislation and we ensure that OSR provides a workplace that is free from all forms of harassment and discrimination through a range of programs and activities.

Some of our major EEO achievements this year included:

- developing our EEO Management Plan 2009–11
- introducing a confidential and independent service for staff to anonymously report grievances or incidents of harassment
- expanding equity and diversity information on our intranet
- continuing to support Diversity NSW by renewing our membership and attending forums.

Our plans for next year include:

- using cadetships and traineeships to increase suitably qualified applicants from EEO groups
- promoting EEO, anti-discrimination and diversity principles through policy as well as staff induction and training on Dignity and Respect in the Workplace
- ensuring all staff are aware of their EEO and diversity obligations.

Representation of EEO target groups within levels

Level	Staff	Women	Racial, Ethnic and Ethnic Religious	Aboriginal and Torres Strait Islander	People with a disability
	2009–10				
	Percentage of total staff				
Below CO 1	0.3	0.2	0.1	0.0	0.0
CO 1 – Grade 1	0.3	0.3	0.0	0.0	0.0
Grade 1 – 2	13.5	10.2	2.4	0.1	0.7
Grade 3 – 5	45.6	33.8	9.0	0.8	2.1
Grade 6 – 9	30.5	16.2	8.5	0.0	1.0
Grade 10 – 12	8.1	2.6	2.0	0.0	0.2
Above Grade 12	1.7	0.4	0.2	0.0	0.0
Total	100.0	63.7	22.2	0.9	4.0
Total staff number	1 249	796	277	11	51

Trends in distribution of EEO groups i)

EEO Group	Benchmark or target	2009–10	2008–09	2007–08	2006–07	2005–06
	Percentage of total staff ii)					
Women	50.0	64.0	63.0	62.0	60.3	59.0
Aboriginal and Torres Strait Islander	2.6	1.1	1.4	1.3	1.2	1.1
People whose first language is not English	19.0	25.0	25.0	26.0	18.0	18.0
People with a disability	12.0	5.0	5.0	5.0	4.6	6.0
People with a disability requiring workplace-related adjustment	7.0	1.0	1.0	0.9	1.1	1.0

Trends in distribution of EEO groups iii)

EEO Group	Benchmark or target	2009–10	2008–09	2007–08	2006–07	2005–06
	Distribution index iv)					
Women	100	89	88	88	87	89
Aboriginal and Torres Strait Islander	100	n/a	n/a	n/a	n/a	n/a
People whose first language is not English	100	101	103	102	102	100
People with a disability	100	96	95	95	97	91
People with a disability requiring workplace-related adjustment	100	n/a	n/a	n/a	n/a	n/a

i) Staffing as at 30 June 2010.

ii) Excludes casual staff.

iii) A distribution index of 100 indicates that the centre of distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases, the index may be more than 100, indicating the EEO group is less concentrated at lower salary levels. The distribution index is automatically calculated by the software provided by the Office of the Director of Equal Opportunity in Public Employment.

iv) The distribution index is not calculated where EEO group or non-EEO group members are less than 20.

Appendices

Disability Action Plan

This year, we have made some major achievements in planning and adjusting our programs to better meet the needs of people with a disability.

Some of our major achievements during the year included:

- introducing WDOs for clients with mental illness, intellectual disability or cognitive impairment allowing them to pay off their fines by non-monetary means
- implementing a process to support employees with medical restrictions/disabilities through the development of health plans where adjustment or support may be required in the workplace
- updating both the OSR and SDRO websites to ensure content is available to the widest possible audience, including readers using assistive technology or accessibility features.

Our plans for next year include:

- incorporating disability awareness training into key learning programs, eg Supervisor Fundamentals, Certificate IV in Frontline Management
- providing useful tools to assist client contact staff in dealing with clients with disabilities, eg plastic signature templates
- ensuring compliance with the Department of Premier and Cabinet Circular 2008–10 – Assistance For People With Writing Difficulties – when reviewing departmental policies and processes
- researching ways to better support clients with the most common cognitive disabilities.

Multicultural Policies and Service Program (formerly EAPS)

The Multicultural Policies and Service Program outlines how all NSW Government departments are to establish supportive policy, legal and planning frameworks to address a culturally-diverse society.

The Community Relations Commission monitors and assesses the performance of government agencies under the Multicultural Policies and Service Program.

Some of our major multicultural achievements this year included:

- producing fines information in other languages on our SDRO website
- publishing and promoting religious days of significance for 2010 to staff to raise awareness.

Our plans for next year include:

- increasing education and raising awareness about diversity among staff
- ensuring correct training and support for staff in public contact positions in a culturally-diverse environment
- ensuring most of our written material is available in priority community languages.

Aboriginal employment

The NSW Government continues to be committed to providing employment opportunities for Aboriginal people to ensure that the public sector workforce is representative of the general community.

Some of our major Aboriginal employment achievements this year included:

- developing an OSR Aboriginal Employment Plan 2010–11
- promoting National Aboriginal and Islander Day Observance Committee (NAIDOC) Week (5–13 July 2009)
- employing an indigenous cadet in our Information Services Division as part of the NSW Indigenous Cadetship Program. We received recognition from UWS for our work in this area
- participating in the NSW Small Business Seminar. We received compliments from the Department of Aboriginal Affairs for the quality of our presentation
- participating in Aboriginal community open days on the NSW North Coast to assist members of the Aboriginal community in settling fines and entering into payment options to enable the lifting of restrictions on drivers licences.

Our plans for next year include:

- exploring development opportunities and supporting internal and external networking opportunities for Aboriginal staff
- establishing a career development program for Aboriginal employees.

Appendix 6 – Ministerial representations received

Ministerial hotline calls

	2009–10	2008–09	2007–08
Taxes and grants	61	78	56
Fines	2 321	2 344	3 496
Total	2 382	2 422	3 552

Ministerial correspondence received

	2009–10	2008–09	2007–08
Land tax	159	185	177
Duties	87	49	41
Payroll tax	14	12	21
First home benefits	51	86	33
Unclaimed money	6	11	1
Parking space levy	2	2	1
Gaming machine tax	2	4	5
Enforcement orders	386	287	547
Penalty notices	1 915	2 065	2 875
Other	22	19	5
Total	2 644	2 720	3 706

Appendix 7 – Statement of internal control responsibility

Our management and financial systems are underpinned by sound internal controls built into key processes that have been accredited under quality standard ISO 9001.

Our Risk Management Framework is in place and uses the risk management standard AS/NZS 4360:2004 and the NSW Treasury's best practice policy relating to internal control.

Our Audit and Risk Committee, supported by the Internal Audit Governance Group, oversees the activities of our internal audits and issues presented from external auditors. The committee also regularly monitors the implementation of recommendations from the auditors' reports.

To the best of my knowledge, and as advised by OSR's directorate, our system of internal control has operated satisfactorily during the year.

Credit card certification

Corporate credit card usage was in compliance with best practice standards set out in the Treasurer's Direction and the NSW Treasury's policy and guidelines.

Overseas visits

There were no overseas visits by any of the directorate or senior managers for 2009–10.



Tony Newbury

Executive Director and Chief Commissioner of State Revenue

Appendices

Appendix 8 – Accounts payable performance report

Accounts paid on time within each quarter 2009–10

Quarter	Total accounts paid on time				Total amount paid (\$m)
	Target (%)	Actual		\$m	
		Number (%)	Value (%)		
September 2009	98.5	99.57	99.30	28.50	28.70
December 2009	98.5	98.65	98.38	18.20	18.50
March 2010	98.5	98.69	99.07	10.70	10.80
June 2010	98.5	99.49	99.42	17.00	17.10

Aged analysis at end of each quarter 2009–10

Quarter	Current (within due date)	Less than 30 days overdue	Between 30 and 60 days overdue	Between 60 and 90 days overdue	More than 90 days overdue
	\$				
September 2009	554 903.57	0	0	0	0
December 2009	126 970.67	0	0	0	0
March 2010	241 991.48	0	0	0	0
June 2010	0	0	0	0	0

During 2009–10, there were no instances where penalty interest was paid in accordance with section 18 of the *Public Finance and Audit (General) Regulation 1995*.

There were no significant events that affected payment performance during the reporting period.

Appendix 9 – Risk management and insurance activities

We have insurance cover over all our assets and major risks, including building contents, computer equipment, motor vehicles, workers compensation and public liability. The amount of insurance is subject to regular appraisal.

Insurance policies, except for workers compensation, are held with the Treasury Managed Fund that administers a government-sponsored self-insurance scheme, which is currently managed by GIO. Insurance coverage for workers compensation is held with Allianz Australia Insurance Limited.

Internal Audit and Risk Management Statement for the 2009–10 Financial Year for NSW Treasury

I, the Secretary, am of the opinion that NSW Treasury has internal audit and risk management processes in place that are, excluding the exceptions described on the next page, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 Internal Audit and Risk Management Policy.

I, the Secretary, am of the opinion that the internal audit and risk management processes for NSW Treasury depart from the following core requirements set out in Treasury Circular NSW TC 09/08 and that (a) the circumstances giving rise to these departures have been determined by the Portfolio Minister and (b) NSW Treasury is implementing the following practicable alternative measures that will achieve a level of assurance equivalent to the requirement:

Internal Audit and Risk Management Statement for the 2009–10 Financial Year for NSW Treasury (cont.)

Ministerially determined departure	Reason for departure and description of practicable alternative measures implemented
Core Requirement 1	
<p>The department head must establish an Audit and Risk Committee to oversee and monitor governance, risk and control issues affecting the operations of the department.</p> <p>The Treasurer has determined:</p> <p>a) that OFM and OSR may maintain separate Committees for the medium-term</p> <p>b) that for the purposes of its audit and risk functions, 'OFM' has been defined as: the Office of Financial Management, the NSW Self Insurance Corporation and the Crown Entity, which includes the statutory bodies Electricity Tariff Equalisation Ministerial Corporation, Liability Management Ministerial Corporation, and State Rail Authority Residual Holding Corporation. Because of this definition, all of these bodies fall under OFM's Audit and Risk Committee. This exception is intended to be permanent.</p>	<p>a) OFM and OSR have traditionally maintained separate audit and risk functions because the nature of their risks differs significantly and it is held to be the most effective way to manage these risks.</p> <p>The Audit and Risk Committees of the two agencies have undertaken to hold annual joint meetings and to liaise regularly at officer level to ensure the arrangement is efficient, minimising duplication and omission.</p> <p>b) The strict application of the policy would mean separate audit and risk management committees for each of these entities. However, these entities are managed by OFM, use OFM internal policies and have accounting services provided by OFM via the Crown Entity.</p>
Core Requirement 2	
<p>For the purposes of the policy, a department head means a 'department head' as defined in section 3 of the <i>Annual Reports (Departments) Act 1985</i></p> <p>The Treasurer has determined:</p> <p>That the Executive Director of OSR (also the Chief Commissioner of State Revenue) is charged with fulfilling the everyday requirements of the policy which would otherwise fall to the Secretary of the Treasury in his capacity as Department Head of OSR.</p> <p>Requirements reserved for the Secretary of the Treasury are:</p> <p>a) requesting access to an arbiter as per section 4.4.3</p> <p>b) the Audit and Risk Committee's ability to escalate any matters of a 'material nature' to the Secretary.</p>	<p>This exception accords with the request to maintain a separate Audit and Risk Committee for OSR, which recognises that the administrative requirements in relation to the internal audit process are more effectively exercised at a local agency level. This exception is permanent, unless the Secretary should withdraw the delegation.</p> <p>The Secretary will continue to receive information copies of key documents and be kept informed of key issues.</p>
Core Requirement 3	
<p>An Audit and Risk Committee Chair must be appointed for a period of at least three years, with a maximum term of four years.</p> <p>For members, the initial term must not exceed four years. There is an option for reappointment for a further term of maximum four years.</p> <p>The Treasurer has determined:</p> <p>That members of OFM's and OSR's committees who will pass their maximum terms during 2010–11 may be extended into 2012 to allow departures to be staggered.</p>	<p>The policy also states that wherever possible departures from a committee should be staggered to ensure that knowledge loss is minimised at any one time.</p> <p>Prior to the policy, terms of membership were not limited, some members of each committee must either exceed their new maximum terms, or leave within a short time of other members' review dates.</p> <p>By mid 2012, neither committee will require this exception.</p>
Core Requirement 5	
<p>The policy requires that an enterprise risk management process that is appropriate to the department has been established.</p> <p>The Treasurer has determined:</p> <p>That OFM's full compliance with this requirement be extended to June 2011.</p>	<p>OFM has the major documentation and processes for risk management in place as at 30 June 2010.</p> <p>However, the policy contains requirements for embedding significant practice change in the culture, which will take longer to embed.</p>

Appendices

Internal Audit and Risk Management Statement for the 2009–10 Financial Year for NSW Treasury (cont.)

I, the Secretary, am of the opinion that the Audit and Risk Committee for OFM is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the OFM Audit and Risk Committee are:

- Jim Mitchell, independent Chair (2008 to April 2011)
- Christine Feldmanis, independent member (2010 to June 2012)
- Carolyn Burlew, independent member (2009 to September 2011)
- Mark Ronsisvalle, non-independent member (2004 to October 2010)
- Sue Power, non-independent member (2009 to July 2013).

I, the Secretary, am of the opinion that the Audit and Risk Committee for OSR is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the OSR Audit and Risk Committee are:

- Peter Lucas, independent Chair (reappointment July 2009 to May 2011)
- Ralph Kelly, independent member (August 2009 to August 2011)
- David Hunter, independent member (May 2010 to May 2014)
- Dianne Barden, non-independent member (reappointment May 2010 to March 2012)
- Robert Gillam, non-independent member (reappointment May 2010 to March 2013).

This structure became operative from the first meeting held after 30 June 2010. The structure prior to this date included a majority of OSR's Executive team.

These processes, including the practicable alternative measures being implemented, provide a level of assurance that will enable the senior management of NSW Treasury to understand, manage and satisfactorily control risk exposures.

As required by the policy, I have submitted an Attestation Statement outlining compliance with the policy to the Treasury.



Michael Schur
Secretary
NSW Treasury

Appendix 10 – Privacy

We tendered submissions to the NSW Law Reform Commission inquiry into access to personal information and the Commissioner's subsequent inquiry, whereby it extended the terms of reference.

We received one application for internal review this year. The application related to a previous internal review and the findings of that review were upheld. The Privacy Commissioner's Office was consulted throughout the review and declined to make any representations on the findings.

We participated in Privacy Awareness Week in May 2010, with many staff using the Privacy NSW identity fraud toolkit to measure the extent to which their daily habits leave them exposed to identity fraud. We also updated our Privacy and Personal Information Policy.

The Privacy Coordinator continued to attend regular meetings of the FOI/ Privacy Practitioners Group, training sessions and seminars to keep up to date with developments in privacy law and recent case law developments.

Glossary

ADT

Administrative Decisions Tribunal

ANZFERG

Australian and New Zealand Fines Enforcement Reference Group

Boost

Australian Government First Home Owner Boost

EDR

Electronic Duties Returns

EEO

Equal Employment Opportunity

EPMO

Enterprise Project Management Office

FES

Fine Enforcement System

FHOGS

First Home Owner Grant Scheme

FHP

First Home Plus

FOI

Freedom of Information

FSC

Forest Stewardship Council

GST

Goods and Services Tax

HCAP

Housing Construction Acceleration Plan

ICT

Information and Communications Technology

ISD

Information Services Division

KPIs

Key Performance Indicators

MSD

Management Services Division

NAIDOC

National Aboriginal Islander Day Observance Committee

NTER

National Tax Equivalent Regime

OFM

Office of Financial Management

OHS

Occupational Health and Safety

ORION

OSR Risks Online

OSR

Office of State Revenue

RTA

Roads and Traffic Authority

SBR

Standard Business Reporting

SDRO

State Debt Recovery Office

SES

Senior Executive Service

SPP

Succession Planning Program

STER

State Tax Equivalent Regime Supplement

Supplement

NSW New Home Buyer Supplement

UWS

University of Western Sydney

WDO

Work and Development Order

WRAPP

Waste Reduction and Purchasing Policy

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