

Annual Report

2005-06

2005-06



Office of State Revenue
NSW TREASURY

ISO 9001-Quality Certified

Office of State Revenue

NSW Treasury



■ Responsiveness ■ Integrity ■ Teamwork ■ Achievement

Contents

02	Corporate information
02	About the Office of State Revenue
03	Corporate achievements 2005-06
04	Corporate Key Performance Indicators (KPIs)
05	Treasury letter
06	Corporate structure 2005-06
07	Organisational functions
08	The year in review
08	Executive Director's message
09	Maximise compliance
13	Maximise effectiveness and efficiency
15	Maximise stakeholder satisfaction
17	Maximise organisational and staff capability
18	Corporate plan for 2006-07
19	Financial Statements
47	Appendices
62	Index
64	Directory



Legislation administered

Betting Tax Act 2001
Commonwealth Places (Mirror Taxes Administration) Act 1998
Duties Act 1997
Fines Act 1996
First Home Owner Grant Act 2000
Health Insurance Levies Act 1982
Insurance Protection Tax Act 2001
Land Tax Act 1956
Land Tax Management Act 1956
Pay-roll Tax Act 1971
Petroleum Products Subsidy Act 1997
Premium Property Tax Act 1998 (repealed 1 June 2004)
Stamp Duties Act 1920
Taxation Administration Act 1996
Unclaimed Money Act 1995

We also collected revenue under the *Parking Space Levy Act 1992* for the NSW Ministry of Transport and revenue under the *Gaming Machine Tax Act 2001* for the Department of Gaming and Racing.

Published by
the Office of State Revenue
New South Wales Treasury

ISSN 1032-0156

www.osr.nsw.gov.au

About the Office of State Revenue

The Office of State Revenue (OSR) is one of two NSW Treasury offices. The other is the Office of Financial Management (OFM). OFM is responsible for State Government accounting, banking, funding and economic advice.

OSR administers State taxation and revenue programs for and on behalf of the people of NSW. We help develop policy, implement legislation, collect revenue, process and enforce outstanding fines and penalties.

Our purpose

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

Our vision

To become the organisation most renowned in Australia for improving revenue services.

Our values

In conducting our business:

- we are **RESPONSIVE** to the needs of our clients and staff
- we always act with **INTEGRITY**
- we use **TEAMWORK** when undertaking our roles
- we focus on the **ACHIEVEMENT** of results.

Our corporate objectives

- maximise compliance
- maximise effectiveness and efficiency
- maximise stakeholder satisfaction
- maximise organisational and staff capability.

Our focus areas

- build an organisation of value-able people
- drive service and efficiency through technology

Revenue 2005-06

Category	Collected \$m	% of total
Duties	4 844	33.4
Pay-roll tax	5 888	40.6
Land tax	1 752	12.1
Gaming and racing	1 142	7.9
Federal tax equivalents	435	3.0
Infringement Processing Bureau (IPB) fines	137	0.9
Health insurance levy	108	0.7
State Debt Recovery Office (SDRO) fines	78	0.5
Insurance protection tax	68	0.5
Parking space levy	45	0.3
Unclaimed money	11	0.1
Total Crown revenue collected YTD	14 508	100.0

In addition, \$158 million was collected on behalf of SDRO's commercial clients.

Benefits and funds disbursed

Category	Value \$m
First Home Owner Grant Scheme (FHOGS)	300.5
First Home Plus Scheme	397.3
Petroleum Products Subsidy Scheme	40.3
Unclaimed money	17.1
Total	784.4

Please note that when comparing aggregated data in our tables and graphs with figures in the financial statements, any minor inconsistencies can be attributed to the rounding methodology used.

- forge powerful stakeholder relationships
- enhance our revenue performance
- ensure OSR's continual renewal.

Our core capabilities

Core capabilities are those strengths which an organisation must have to be able to deliver on its areas of business focus.

- visionary, disciplined leadership
- skilled, committed and adaptive people

- able to anticipate and respond to environmental changes
- flexible, reliable, automated systems and processes
- seamless, responsive client service
- effective relationship management.

Our strategic and corporate plans confirm our mission and vision while simultaneously outlining a set of goals, objectives and strategies that establish priorities and provide direction.

Corporate achievements

2005-06

Focus	Achievements
Build an organisation of value-able people	<ul style="list-style-type: none"> ■ Delivered 60 sessions of Management Development Program ■ Improved corporate governance through establishing Information Management and Technology (IM and T) and Audit Governance Groups ■ Aboriginal Traineeship Program commenced ■ 559 learning sessions conducted in more than 100 programs ■ 35 staff trained as internal quality reviewers who conducted over 50 internal quality reviews ■ 44 managers trained in Integrated Risk Management
Drive service and efficiency through technology	<ul style="list-style-type: none"> ■ Received 77 per cent of all tax revenue electronically ■ Implemented random online audit project ■ 99 per cent of clients used online Pay-roll Tax Annual Reconciliation ■ Implemented SDRO Uniform Payment Gateway ■ National Proof of Identity framework adopted for FHOGS: applicant identity checks with external agencies implemented ■ Integrated IPB and SDRO websites
Forge powerful stakeholder relationships	<ul style="list-style-type: none"> ■ 100th meeting with Small Business Combined Association (SBCA) Liaison Committee ■ Participated in the Interjurisdictional Pay-roll Tax Harmonisation project ■ Led inaugural Australasian benchmarking program across fines jurisdictions ■ Selected to participate in NSW Public Sector Mature Worker Retention project ■ Successfully introduced handheld technology into 14 councils to improve traffic and parking penalty notice processing ■ OSR Client Service index exceeded 90 per cent
Enhance our revenue performance	<ul style="list-style-type: none"> ■ Tax collections exceeded \$14 billion ■ Fine collections and recoveries exceeded \$362 million ■ Paid \$300.5 million in FHOGS ■ Processed duties exemptions and concessions for first home buyers to the value of \$397.3 million ■ Paid \$17.1 million in Unclaimed Money ■ Identified over \$229 million through compliance activities ■ Held 113 seminars for 3046 tax clients
Ensure OSR's continual renewal	<ul style="list-style-type: none"> ■ Achieved ISO 9001:2000 quality certification ■ OSR Results and Services Plan recognised as best practice ■ Implemented Australian Equivalents to International Financial Reporting Standards (AEIFRS) ■ Achieved global savings targets across the organisation ■ OSR highly rated in corporate service efficiency compared to other similar NSW government agencies



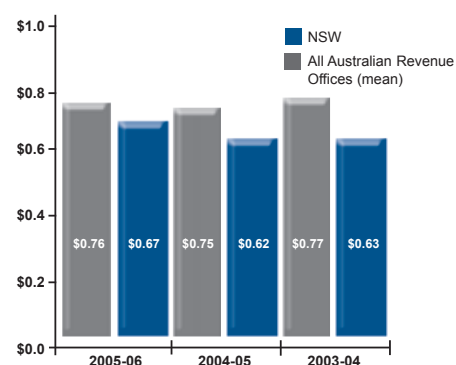
Corporate key performance indicators (KPIs)

Results for 2005-06

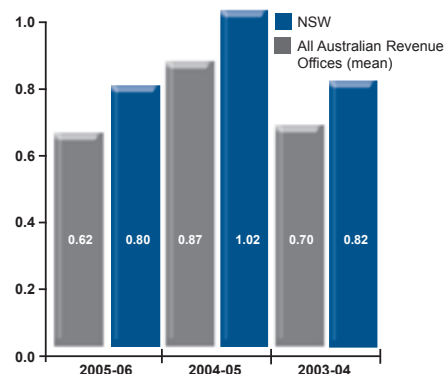
KPI	Target	Results
Enhance our revenue performance		
Revenue collected to budget	≥ 98%	97%
Total overdue debt as a percentage of total revenue	≤ 1.0%	1.06%
Build an organisation of value-able people		
Percentage of staff with a performance plan in place	≥ 90%	95%
Attendance in days	≥ 86%	83%
Percentage of training requirements met	≥ 90%	80%
Drive service and efficiency through technology		
Percentage of revenue received by electronic payment	≥ 75%	77%
Closure rate of enforced fines (\$ value)	≥ 42%	44%
Percentage of infringements finalised at IPB	≥ 99%	99.9%
Public website traffic - number of page impressions for OSR's website	≥ 11.8m per year	12.9m
Volume of Electronic Service Delivery (ESD)		
Transactions through the web	≥ 0.84m transactions per year	1.09m
Forge powerful stakeholder relationships		
Client Service Index	≥ 90%	94%
Ensure OSR's continual renewal		
Cost to collect \$100		
■ Tax revenue	≤ \$0.62	\$0.68
■ Infringement processing	≤ \$10	\$10.70
■ Fine enforcement	≤ \$15	\$11.25

Comparison of OSR's performance against average for all Australian revenue offices

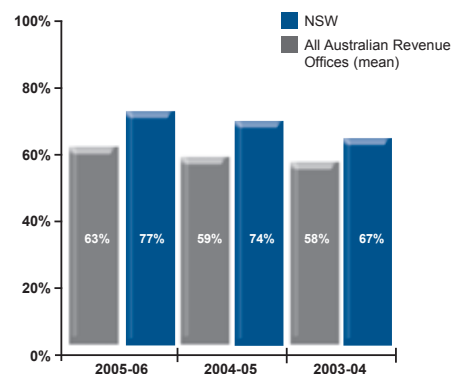
Cost to Administer \$100 revenue - cash



Average telephone queuing time - minutes



Revenue receipted electronically



Treasury letter

The Hon. Michael Costa, MLC
Treasurer, Minister for Infrastructure
and Minister for the Hunter
Level 31
Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

31 October 2006

Dear Treasurer,

We have pleasure in submitting the Annual Report for the Office of State Revenue for the financial year ended 30 June 2006, 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 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. 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
Acting Executive Director
and Chief Commissioner of State Revenue



John Pierce
Secretary
NSW Treasury



Office of State Revenue
NSW TREASURY
ISO 9001-Quality Certified



New South Wales
TREASURY

Corporate structure

2005-06



Treasurer

The Hon. Michael Costa, MLC



NSW Treasury

Promotes excellence in State financial management.

Secretary

John Pierce *B.Com (Hons)*



Office of State Revenue

Collects revenue due and administers revenue laws for the benefit of the people of NSW.

Executive Director and Chief Commissioner of State Revenue

Peter Achterstraat *LL.B, B.Com, B.Ec (Hons) FAIM, FCPA, FCA*



Revenue Advisory Services

Director and
Commissioner of
State Revenue
Bob Smith



Client Services*

Director
Tony Newbury
B.Com



Compliance*

Director
Ted Withers
MNIA



State Debt Recovery Office

Director
Brian Robertson
B.Com



Information Services*

Director and Chief
Information Officer
Mick Mioduszewski
B.AppSc Comp Sc, FAICD



Management Services

Director
Dianne Barden
B.Sc (Hons)

*Ted Withers retired as Director, Compliance in February 2006. The Compliance and Client Services Divisions will integrate on 1 July 2006, to become the Operations Division. Tony Newbury became Chief Operating Officer to head this new division. Mike Kennedy left OSR as Chief Information Officer in October 2005. Mick Mioduszewski joined OSR in this role in February 2006.

Organisational functions

The Executive Office

Executive Director and Chief Commissioner of State Revenue
Peter Achterstraat

- Examines and evaluates OSR business activities to ensure they are efficient, effective, economical and supported by appropriate controls
- Ensures accountability by conducting regular compliance and audit reviews
- Sponsors the Business Improvement Unit (BIU) responsible for reviewing the efficiency and effectiveness of our processes and manages the maintenance of ISO 9001:2000 certification.

The executive, including Audit and Review and the Business Process Improvement Unit comprised 13.00 full-time equivalent staff as at 30 June 2006.

Revenue Advisory Services

Director and Commissioner of State Revenue
Bob Smith

- Provides advice to Treasurer and Government and formulates policy, legislation and State tax revenue rulings
- Processes objections and prepares cases on appeal
- Co-ordinates responses to ministerial correspondence and inquiries
- Provides technical advice and training to clients and staff.

Revenue Advisory Services had 62.00 full-time equivalent staff as at 30 June 2006.

Client Services

Director
Tony Newbury

- Provides assessing, revenue collection, enquiry and client education services at central and regional locations
- Maintains accurate and current client databases
- Administers First Home Plus, First Home Owner Grant Scheme, Petroleum Subsidy Scheme and Unclaimed Money program.

Client Services had 256.86 full-time equivalent staff as at 30 June 2006.

[Note: The position of Director, Client Services was removed and the position of Chief Operating Officer was created in April 2006. The Client Services and Compliance Divisions will integrate as the Operations Division on 1 July 2006.](#)

Operations had 1 full-time equivalent staff as at 30 June 2006.

Compliance

Director
Ted Withers

- Researches, develops and implements programs to encourage better compliance
- Detects underpayment and non-compliance through audits and investigations
- Enforces lodgement of returns and information from defaulting taxpayers
- Recovers outstanding debt for all revenue bases.

Compliance had 233.86 full-time equivalent staff as at 30 June 2006.

State Debt Recovery Office

Director
Brian Robertson

- Provides efficient and timely processing and enforcement of fines owed to the Government and commercial clients.

State Debt Recovery Office had 315.40 full-time equivalent staff as at 30 June 2006.

Information Services

Director
Information Services and Chief Information Officer
Mick Mioduszewski

- Provides business systems and information technology infrastructure
- Maintains reliable and responsive computer facilities and applications
- Provides a high quality and responsive service to users of information technology
- Provides an information and knowledge management framework.

Information Services had 101.71 full-time equivalent staff as at 30 June 2006.

Management Services

Director
Dianne Barden

- Guides corporate planning and provides management information
- Delivers human resources, learning and development activities
- Provides internal financial management and accounting services
- Provides corporate communications, publications, library and site services management
- Coordinates Equal Employment Opportunity and Ethnic Affairs Policy programs.

Management Services had 69.70 full-time equivalent staff as at 30 June 2006.

Executive Director's message

I am very pleased to announce that Office of State Revenue has been certified to ISO 9001:2000 - an international standard for the Quality Management System. The certification shows our commitment to client service and continuous improvement.

This year, we have made real progress in driving service efficiencies through technology, with 77 per cent of revenue received through electronic means. This figure is an increase of three per cent on the previous year and well on track to meet our target of 90 per cent of all transactions over the internet or telephone by 2009. The traffic to our websites has also been impressive, with 12.9 million hits this year.

In addition to meeting our clients' needs through traditional means, we have increased the range and extent of electronic services. This has helped meet the changing needs of our clients and improve the efficiency of our service. The focus on client education has continued, with 113 seminars attended by 3046 tax clients over the past year.

We have implemented some of the key initiatives of our Vision 2009 strategic plan. The plan outlines strategies designed to increase our agility and responsiveness as an organisation, improve revenue services and invest in our people.

Our success is due to the dedication and hard work of our staff and management team. I am pleased with the investments we have made in technical training to provide a professional service, based on up-to-date technical knowledge and expertise.

I want to especially thank Ted Withers, the Director of Compliance and Mike Kennedy, the Chief Information Officer, who both left OSR during the year, for their efforts in helping to drive results within their respective areas.

Well done to OSR staff. Everyone should be proud of their efforts during the year. Your work ethic and dedication to delivering service excellence represent our organisational values of responsiveness, integrity, teamwork and achievement.



Peter Achterstraat
Executive Director and
Chief Commissioner of
State Revenue



The year in review

Maximise compliance

Our core role is to collect all revenue due and administer the revenue laws for the benefit of the people of NSW.

We fulfilled this role by bringing in revenue of \$14 508 million collected for the State.

Duties

Duties collected were \$4844 million compared with \$4808 million last year.

Vendor duty, which was abolished from 2 August 2005, was the only significant difference in the actual collected revenue from the Budget figures.

Pay-roll tax

Pay-roll tax collected was \$5888 million compared with \$5500 million last year.

Our pay-roll tax online payment system allows clients who use the login monthly calculator and annual reconciliation, to calculate and pay their taxes online, in one transaction.

Payment is authorised and processed with a printable, online receipt. Since implementation in May 2005, over 4500 clients have registered to use the facility, with payments increasing each month.

Land tax

Land tax revenue collected was \$1752 million compared with \$1586 million in 2004-05.

In the May 2005 Budget, the NSW Government re-introduced a land tax threshold for the 2006 land tax year of \$330 000 and set the land tax rate at 1.7 per cent plus \$100.

This threshold was subsequently increased to \$352 000 before the 2006 land tax assessments were issued.

Revenue collected

Category	Actual 2005-06 \$m	Budget 2005-06 \$m	Actual 2004-05 \$m	Budget 2004-05 \$m
Duties	4 844	5 332	4 808	5 482
Pay-roll tax	5 888	5 843	5 500	5 375
Land tax	1 752	1 650	1 586	1 398
Gaming and racing	1 142	1 168	1 058	1 031
Federal tax equivalents	435	462	396	344
IPB fines	137	146	159	140
Health Insurance Levy	108	106	102	102
SDRO fines	78	69	88	90
Insurance Protection Tax	68	65	68	69
Parking Space Levy	45	44	46	47
Unclaimed money	11	0	22	12
Other revenue and taxes	0	0	1	0
Total Crown revenue collected	14 508	14 885	13 834	14 090

In addition, \$158 million was collected on behalf of SDRO's commercial clients.

Revenue from duties collected by category

Category	Actual 2005-06 \$m	Budget 2005-06 \$m	Actual 2004-05 \$m	Budget 2004-05 \$m
Contracts and conveyances duty	3 145	3 250	2 934	3 190
Motor vehicle registrations	548	608	570	609
Insurance policies	523	541	422	451
Loan securities (mortgages) duty	324	379	320	372
Hiring arrangements	77	77	76	76
Leases	72	62	61	56
Share transfers duty	48	55	68	36
Vendor duty	107	358	355	690
Other stamp duty	0	2	2	2
Total revenue from duties	4 844	5 332	4 808	5 482

Please note that when comparing aggregated data in our tables and graphs with figures in the financial statements, any minor inconsistencies can be attributed to the rounding methodology used.

Federal tax equivalents

The total revenue collected from agencies and subsidiaries liable to pay federal tax equivalent taxes, either under the National Tax Equivalent Regime (NTER) or as State Tax Equivalent Regime (State TER) agencies was \$435 million.

The NTER agencies contributed \$422.3 million in revenue, the balance coming from State TER agencies.

OSR continues to monitor and, where necessary, audit the activities of State

TER agencies in accordance with the Commercial Policy Framework that came into effect from 1 July 2003.

Insurance protection tax

The Insurance Protection Tax collected for the year totalled \$68 million.

The *Insurance Protection Tax Act 2001* was introduced by the NSW Government to establish a fund to help builders' warranty and compulsory third party policy holders affected by the collapse of HIH Insurance Limited.

Registered insurers with the Australian Prudential Regulatory Authority (APRA) who write general insurance, are required to register with OSR. Registration must occur within 30 days after the end of the month in which the insurer commenced to write general insurance business in NSW.

Registered insurers can lodge their annual return, due by 15 August, online.

Parking space levy

Parking space levy collections totalled \$45 million.

The levy is collected on behalf of the NSW Ministry of Transport. It 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.

The revenue is used to finance, develop and maintain the infrastructure that facilitates access to and encourages the use of public transport to and from the business districts where the levy applies.

Clients can lodge their annual return, due by 1 September, online.

Infringement processing and fine enforcement

The SDRO recorded total collections from penalty notices of \$245 million comprised of \$137 million from Crown fines and \$108 million on behalf of other clients.

The SDRO recorded total collections from enforcements of \$129 million comprised of \$79 million from Crown fines and \$50 million on behalf of other clients.

Direct revenue to the SDRO consisting of client fees for processing infringements, grants, annulment fees and miscellaneous revenue totalled \$25 million.

Revenue from compliance activities

Our compliance programs aim to improve voluntary compliance with NSW taxes, grants and subsidies. We adopt a compliance risk management approach.

Gaming and racing

Category	2005-06 \$m	2004-05 \$m
Club gaming devices	567	499
Hotel gaming devices	417	394
Totalizators	146	153
Keno tax	8	8
Fixed odds sports betting	4	3
FootyTAB	1	1
Total gaming and racing	1 143	1058

OSR collects revenue on behalf of the NSW Office of Liquor, Gaming and Racing (OLGR), formerly known as the Department of Gaming and Racing.

OSR is responsible for collecting gaming machine tax, issuing reassessments, approving payment arrangements and advising OLGR when a club or hotel has failed to pay the tax.

Gaming machine tax is paid by direct debit to OSR each quarter.

To achieve this, we adopted specific audit projects and the strategic use of data and intelligence to identify taxpayers at risk of non-compliance.

We identified additional revenue of \$229 million, \$162.2 million of which was collected prior to 30 June. This amount includes \$77.2 million identified as a result of the supplementary funding allocated to OSR to improve compliance levels.

We continued to focus on employers who fail to register and pay pay-roll tax when wages exceed the threshold of \$600 000. Actions to identify and contact these businesses are a major priority in our compliance program. In response to recommendations made by the Australian School of Taxation (ATAX), Faculty of Law, University of NSW in 2004-05, we have undertaken significant research of employer compliance behaviour at an industry level.

This research identified a number of industry sub-groups that we will concentrate on with audit and client education strategies in 2006-07.

A total of 1454 new clients were added to the pay-roll tax base and \$47.9 million in additional revenue was identified as a result of data matching projects. A further 1643 employers made voluntary disclosures totalling \$14 million.

Our program to improve pay-roll tax compliance levels in the building and construction industry resulted in 159 new, liable employers being registered for pay-roll tax.

Additional revenue of \$12 million was identified. New clients registered from this project in the last four years totals 775 and almost \$64 million has been identified in additional revenue.

The Land Tax Equity project identified a further 5555 new land tax clients with \$79.7 million in additional revenue. The use of data matching with external data sources continues to be a vital tool in identifying clients who fail to register for land tax.

We identified \$9.4 million from investigations of dutiable transactions. This included \$3 million in unpaid duty from 48 cases identified through data matching property transfers registered with Land and Property Information. We also monitored high value transactions to ensure early identification of any schemes or arrangements to avoid duty.

A First Home Owner Grant program to identify applicants who may have failed to fulfil the grant condition to occupy the property as their principal place of residence, resulted in the review of 3518 grant applications. As a result, 1088 applicants have been required to repay grants totalling \$8.7 million. As part of this process we have also reviewed 1006 First Home Plus applications and cancelled 707 concessions valued at a total of \$3.4 million. We initiated prosecution action against eight recipients for making false declarations to claim the First Home Owner Grant.

Overdue debt – tax and duties

Overdue debt as at 30 June 2006 was \$154.1 million, which was 1.06 per cent of annual revenue. This is marginally above our target of 1 per cent. Overdue debt collected during 2005-06 was \$573.4 million.

We continue to focus on land tax, pay-roll tax, first home owners grant and duties debt over one year and improving the effectiveness of the management of larger debt cases.

Land tax accounted for 63 per cent of outstanding debt, compared with 52 per cent for 2004-05. Land tax debt increased from \$70.6 million in 2004-05 to \$96.6 million in 2005-06. There is \$52.2 million in disputed land tax debt. A project to address small land tax debt will commence early in 2006-07.

Pay-roll tax debt accounted for 28 per cent of total outstanding debt, compared with 36 per cent for 2004-05. Pay-roll tax debt decreased from \$48.5 million in 2004-05 to \$42 million in 2005-06.

Outstanding fines – targeted enforcement

The SDRO established a team to focus on improving the enforcement of larger fines. This directly resulted in outstanding fines totalling \$985 000 being paid in full and the establishment of time to pay arrangements totalling \$3.5 million.

In 2006-07, we will continue to focus on improving the enforcement of larger fines and also use targeted enforcement strategies to address outstanding aged fines.

Write-offs

Tax write-offs totalled \$24.8 million or 0.17 per cent of total budgeted revenue, consisting of prime tax of \$17.3 million plus penalties, interest and associated costs of \$7.5 million. This was an increase of \$3.1 million from the \$21.7 million written-off in 2004-05.

Duties accounted for 14.7 per cent of tax write-offs for 2005-06 compared with 7.9 per cent for 2004-05, an increase of \$1.9 million.

In 2005-06 gaming and racing revenue accounted for 2.6 per cent of tax write-offs, compared with 0.1 per cent for 2004-05.

Outstanding fines written off

The Director SDRO approved the write-off of 10 129 fines worth a total of \$4 684 473 under section 101 of the *Fines Act 1996*. If during the next five years, further fines are incurred, these fines may be reinstated.

The Hardship Review Board and Fine Enforcement Hardship Review Board

The Hardship Review Board (HRB) considers applications from clients for relief from their liabilities on the basis of financial hardship. The HRB members include representatives from the Auditor-General, the Secretary of the Treasury and the Chief Commissioner of State Revenue.

In 2005-06, the HRB considered 24 applications for relief with a combined value of \$418 181.

Full relief was granted to two applicants owing a total of \$118 123 compared with four applicants owing a total of \$26 274 last year. In addition, five applicants had debts to the value of \$134 645 deferred compared with nine applicants with debts to the value of \$144 837 deferred, the previous year. Relief was declined in 17 cases.

From 10 August 2005, the Fine Enforcement Hardship Review Board (FEHRB) began considering applications for the review of administrative decisions made by the SDRO for time to pay and write-off of fines. The membership of the FEHRB includes representatives of Secretary of the Treasury, the Chief Commissioner of State Revenue and NSW Attorney General's Department.

The FEHRB considered 20 applications, relating to outstanding fines totalling \$472 984.

A write-off under Section 120 of the *Fines Act 1996* was approved in nine cases, totalling \$17 986.

In eight other cases the time to pay arrangements were varied but no debt was written off. In three cases the application was not upheld.

Failure to nominate and false nominations

On 27 January 2006, her Excellency the Governor made changes to the Regulations under the *Road Transport (General) Act 2005*. The changes allow the SDRO to issue penalty notices for 'Fail To Nominate' and 'Falsely Nominate' offences under Section 179 (6) (7) of the Act. The commencement date for the introduction was 3 February 2006. The penalty amounts are the same for both offences, companies are fined \$950 and individuals \$450.

1541 penalty notices were issued to companies who had failed to nominate the responsible driver.

Three additional matters of false nomination were referred to NSW Police for investigation.

The SDRO recruited a Manager, Compliance, to investigate instances of failure to nominate and false nominations.

Fare evasion audit

A follow up fare evasion audit identified the low recovery rate of fare evasion fines and suggested areas for improvement, including better exchange of data.

The SDRO has responded by liaising with key organisations and implemented strategies to improve the overall recovery rate.

The strategies include:

- provision of improved data for analysis to the issuing authorities
- identification of and response to repeat offenders, and
- recommending the issuing authorities introduce handheld devices to improve their data retention, assist Transit Officers in their 'on-the-spot' decision making and improve the quality and readability of penalty notices.

Grants, subsidies and money we paid out

We are responsible for administering and disbursing grants, rebates and subsidies on behalf of the Government.

First home benefits in NSW for the year ended 30 June 2006

	Number paid	Value \$m
First Home Owner Grant Scheme (FHOGS)		
Original	42 921	300.5
Additional \$7 000	4	0
Additional \$3 000	3	0
Total FHOGS	42 928*	300.5*
First Home Plus Scheme	40 464	397.3

*Note: These are gross figures and do not take into account FHOGS grants which have been repaid due to compliance activities, voluntary cancellations and returned funds.

First Home Owner Grant Scheme

The First Home Owner Grant Scheme (FHOGS) paid \$300.5 million to first home owners.

This is an increase of 13.5 per cent from 2004-05 when 37 771 applicants were paid a total of \$ 264.8 million.

First Home Plus

First home buyers and builders in NSW may be entitled to First Home Plus (FHP) which provides exemptions or concessions on transfer duty and mortgage duty. FHP includes people buying vacant land on which they intend to build their first home.

FHP is based on the purchase value of new or established dwellings in NSW which are less than \$500 000, phasing out at \$600 000.

The FHP threshold for the purchase of land in NSW is \$300 000, phasing out at \$450 000.

The total value of FHP transfer duty and mortgage duty concessions in 2005-06 was \$397.3 million for 40 464 claimants. This was an increase of 13 per cent in the number of people receiving assistance compared with 2004-05.

The value of the concessions increased by \$21.3 million.

Unclaimed money

We receive unclaimed money from: businesses, government agencies, local councils, superannuation funds, companies with dividend shares, utilities, the State Trustee and other sources.

These businesses and agencies are required to lodge money with OSR if they have not been able to locate the owner and return the money within six years.

We hold the following types of unclaimed money: dividends, principal and interest, trust account funds, expenses, refunds and overpayments, deposits, premiums, distributions from liquidations, proceeds of sale, royalties, commissions, creditors, debentures, convertible notes, superannuation and retirement savings account benefits.

We were very successful in returning unclaimed money to owners, having paid 7075 claims worth \$17.1 million compared with 5784 claims worth \$12.6 million the previous year. Data matching enabled us to locate 294 owners of unclaimed money, who were paid over \$2.7 million.

Petroleum products subsidy scheme in northern NSW

We paid \$40.3 million in subsidies to registered wholesalers and distributors of eligible petroleum products on condition the payments were passed on to consumers.

NSW pays a subsidy for petroleum products in the five northern zones within the state extending south from the Queensland-NSW border.

The subsidy scheme is designed to ensure NSW sellers of eligible petroleum products are able to compete fairly with Queensland petroleum resellers where the Queensland Government subsidises on-road fuel.



The year in review

Maximise effectiveness and efficiency

ISO 9001 certification

OSR achieved ISO-9001:2000 international quality certification of its management systems, following the first assessment by Lloyds Registry, in December 2005. A subsequent surveillance assessment in May 2006 reaffirmed OSR's certification. OSR's focus is now on the continuous improvement of its management systems to deliver more efficient customer services and enhanced revenue collection.

Creating efficient systems

Electronic service delivery makes a major contribution to our objectives of maximising efficiency and stakeholder satisfaction.

We now receive 77 per cent of all revenue electronically.

Information management

OSR has conducted a security risk assessment of its information. This has resulted in development of a risk treatment schedule.

We have also developed a Records Management Program to continue to improve the way we manage our correspondence, with clients and within the organisation.

Information security management

We have also reviewed the current security management framework for the implementation of AS/NZS ISO/IEC 27001:2006: Information technology - Security techniques - Information security management systems - Requirements certification and developed a Security Awareness Program. Security policies have also been written.

Electronic land tax valuation and clearance certificates

Delivery	2005-06		2004-05	
	Number of transactions	Per cent of total	Number of transactions	Per cent of total
Electronic	119 581	68	104 155	61
Manual	57 424	32	67 042	39
Total	177 005	100	171 197	100

Electronic land tax valuation and clearance certificates

Land tax certificates received electronically accounted for 68 per cent of all transactions in 2005-06. This represents an increase of seven per cent on last financial year.

The service is available through authorised Client Service Providers (CSPs) who are linked to our information systems and enable clients to connect via their desktop computer to receive their certificates online.

Imaging

In July 2005, OSR introduced imaging for land tax initial and variation returns. All returns are now received and registered electronically. In March 2006, this was extended to include all land tax correspondence.

The imaged returns and correspondence are attached to electronic workflows and distributed to work areas.

The imaging process has provided several efficiencies including a reduction in the administration activities of registering and filing work.

Returns and correspondence are now instantly available from any location, improving client service.

In 2006-07, OSR plans to extend use of imaging to other revenue types.

Technology improvements

In late 2005, Associe were engaged to conduct a comprehensive independent review of IT systems and management. Their findings have been presented to OSR directors and staff, and as a result, improvements have been made to systems architecture and applications. This work will be ongoing throughout 2006.

Other technology improvements included:

- Implementation of the Random Online Audit Project which allows for online audits to increase accuracy and efficiency in processing duties documents
- Over 1900 System Change Requests (SCRs) were processed to support internal and external computer systems
- Incorporation of the IPB and SDRO websites as part of the SDRO Integration program
- Land tax webforms were systematically upgraded, making processing of web lodgements easier
- The systems architecture and application of Infringement Management Processing System (IMPS) was successfully transferred from NSW Police to the OSR data centre in Parramatta.

- To ensure business continuity in case of system outage, we introduced a new backup, stand-alone system for our client service providers
- We successfully introduced handheld technology into 14 councils to improve the processing of penalty notices.

A review of the project to replace the Integrated Fine Enforcement Management System for SDRO was commissioned. The replacement application has been outsourced to an external agency. Delivery is expected during 2006-07.

The Integrated Telephony Project (ITP) is expected to deliver centralised telephony and call centre support for all sites by the end of 2006. This initiative will enable cost reduction strategies for regional operations.

Benchmarking

The SDRO led an inaugural Australasian benchmarking program across fine enforcement jurisdictions in Australia and New Zealand. The program aims to benchmark performance of each jurisdiction in key operational areas and provide a basis for identifying opportunities for improvement.

New business integration

Since 2002, OSR has assumed control of the fines process from the NSW Attorney General's Department and the NSW Police Department.

The two fines operations were combined to form a separate division of OSR called State Debt Recovery Office (SDRO) and were maintained as individual branches. A business improvement initiative recognised there was duplication of processes

in several areas. As a result, OSR implemented the SDRO Integration and Process Improvement Program, that aimed to drive efficiencies, cost savings and deliver improved client service.

A new, integrated structure, enabling fine processing to become an end-to-end process, was implemented by the program. All functions previously performed were included in the new structure.

Waste reduction and purchasing

OSR is committed to ensuring that the NSW Waste Reduction and Purchasing Policy (WRAPP) is implemented at all office locations. The OSR WRAPP committee represents each of OSR's metropolitan and regional offices.

OSR has a Waste Reduction policy in place which encourages better waste management practices and waste-friendly purchasing. Our stationery suppliers provide recycled paper options where possible.

Other key waste reduction practices at OSR include:

- Using 50 per cent recycled office paper throughout the office. 95 per cent of A4 paper ordered is recycled
- Establishing an intranet WRAPP page with articles about recycling and office waste reduction
- Recycling toner cartridges and computer equipment
- Conducting an extensive poster campaign at OSR offices that recommend less printing and more recycling
- Minimising or using double-sided printing wherever possible.

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. Six per cent of our total energy consumption comes from renewable, non-polluting sources.

Our aggregate energy usage increased due to the inclusion of additional leased accommodation to house our Compliance Division.

OSR has taken advantage of State Government contract rates for the supply of energy for all OSR sites.

All office sites have been star-rated under the Australian Building Greenhouse Rating (ABGR) scheme, to comply with the Premier's directive of March 2004 to reduce greenhouse gas emissions.

Fuel efficiency improvements and emission reduction from Government vehicles

We are committed to ensuring that we meet the targets prescribed in the 'Cleaner NSW Government Fleet' policy.

This will be achieved by increasing the environmental performance of the fleet and reducing total greenhouse gas emissions.

We have developed a rolling, three year improvement plan, which incorporates specific fleet performance targets.



Maximise stakeholder satisfaction

Extending levels of service through technology

We offer a comprehensive set of online transactions to clients including electronic payment, electronic lodgement, online seminar registration, online subscription service, electronic searching for unclaimed money and web calculators.

Our range of electronic services include:

■ Electronic duties returns

Our Electronic Duties Returns (EDR) service allows approved clients to self-assess and endorse duties documents electronically including: agreements for the sale of land or business, real property transfers, mortgages, leases, some trust documents and some types of exemptions.

As at 30 June 2006, we had 1706 EDR clients and processed 72 per cent of all duties documents electronically. This compares with 66 per cent of duties documents processed by EDR in 2004-05.

EDR clients submit details electronically via a Client Service Provider, an information service provider or broker, who facilitates access to OSR's information systems on behalf of the EDR client.

During the year we made a number of enhancements to the administrative functions of the EDR system. These changes allow the Client Service Providers to monitor their response times and to enquire about or track the status of individual transactions.

■ Electronic pay-roll tax annual returns

Nearly all (99 per cent) clients used our online forms to prepare and lodge their pay-roll tax annual reconciliation returns.

Developed in-house, the form allows clients to calculate and submit their annual reconciliation securely, online. A help facility is available. Clients can save their work-in-progress on the login version and return to change details or complete later.

Our pay-roll tax online login annual reconciliation return form has an optional feature which allows clients, who have been using the online login monthly calculator during the year, to access saved monthly wages figures.

■ Payments

A Uniform Payment Gateway was implemented for the SDRO. This introduces a simpler method for the payment of fines and reduces the complexity of payment options available.

■ OSR websites

During the year, our public websites received 12.9 million hits. June was the most popular month with just over 1.3 million hits.

OSR website top 5 pages

- 1 Unclaimed money
- 2 OSR home page
- 3 Calculator/Sale or transfer of land or business
- 4 Calculators home page
- 5 OSR forms

Telephone enquiry service

See the table below for information on our call centres.

Direct contact points for NSW Roads and Traffic Authority (RTA), NSW Ombudsman and other key stakeholders including members of parliament, provided a successful liaison for escalated operational issues.

Telephone enquiry service

Call Centre	Parramatta	SDRO Maitland*	SDRO Lithgow*
Number of calls answered	497 267	395 006	538 788
Target calls answered in 120 seconds	80%	60%	60%
Calls answered in 120 seconds	84.0%	73.4%	68.7%
Average waiting time	60 seconds	73 seconds	86 seconds

Note: Each call centre handled different types of enquiries. *The SDRO Interactive Voice Response (IVR) dealt with 8.4 per cent of calls relating to payment enquiries. These calls did not have to be actioned by call centre staff.

Service delivery

Our service standards are continually monitored and evaluated to ensure all staff are trained according to best practice. We are committed to providing the highest possible standards of service to our clients.

Counter service

At our Parramatta and Sydney city office counters, 87 per cent of clients were served within 10 minutes. This exceeded our target of 80 per cent.

Regional offices

In addition to our SDRO offices in Lithgow and Maitland, we provide a comprehensive range of services at our three regional offices, located in the Sydney CBD, Newcastle and Wollongong.

Commitment to clients

Client education strategy

As part of our enhanced land tax client education strategy, we established process improvement forums to review education and information services available to land tax clients. We implemented a number of initiatives including:

- enhancing our seminar programs and call centre operations to increase the opportunities for feedback from clients, and
- working with educational institutions to include additional information relating to State taxes in relevant courses of study.

Education and awareness activities

The 2006 State Budget and *State Revenue Legislation Amendment Act 2006* changes resulted in a range of client education activities.

The activities included:

- mortgage duty workshops for EDR clients
- updated education material on our website
- pay-roll tax seminars for businesses
- State taxation update seminars for professional advisors
- updated information factsheets

Privacy

We commenced a review of our privacy management plan, relevant policies and procedures, to ensure that any changes resulting from the integration of the Infringement Processing Bureau and Fine Enforcement Branch, still complied with the *Privacy and Personal Information Protection Act 1998*.

Two requests for an internal review were received. There was no breach of the legislation or privacy code of practice in one matter. It was found that there was a minor breach in the other matter and we have changed our procedures in these circumstances to prevent any recurrence.

Objections and reviews

3865 clients lodged objections against assessments or decisions of the Chief Commissioner. This was a 33 per cent increase on the number of clients who objected last year (2899).

These comprised :

- 2774 land tax clients (37 per cent increase)
- 204 pay-roll tax clients (13 per cent increase)
- 515 First Home Owner Grant recipients (23 per cent increase)
- 336 duties clients (33 per cent increase)
- 36 parking space levy clients (64 per cent increase)

We completed 88 per cent of all objections within 90 days of receipt.

Administrative Decisions Tribunal

Clients who are dissatisfied with an objection decision can have the matter independently reviewed by the Administrative Decisions Tribunal (ADT).

Administrative Decisions Tribunal deliberations

Revenue type	Number received	Number finalised	Number upheld
Land tax	39	42	2*
FHOGS	53	48	2
Duties	22	32	5*
Pay-roll tax	8	9	1
Parking space levy	9	3	1
Gaming	-	1	-
FOI	3	3	-
Total	134	138	11

* The Chief Commissioner has appealed some of these decisions.



The year in review

Maximise organisational and staff capability

Occupational health and safety statistics

Health and safety statistics	2005-06	2004-05	2003-04	2002-03
Accident incident reports	225	111	69	45
Workers Compensation Claims	34	42	32	15
Working days lost to compensation claims	527.5	378	514	216

Value-able people

Restructuring

Change Management Advisory Committees have been established for each significant organisational restructure activity to ensure the consultative approach is maintained. Members of the committees represent all areas of the affected business unit, the Public Service Association (PSA) and OSR management.

Occupational health and safety

The OHS Peak Committee has developed a 12 month action plan to promote OHS awareness. The committee continue to monitor actions taken to manage identified risks and ensure all hazards identified are resolved.

Flu vaccinations were provided to 376 employees.

The Peak Committee organised a poster campaign which promoted office safety and encouraged staff to practice ergonomic exercises.

HR systems

Electronic self service

Our electronic self service facility was expanded to allow the automated payment of shift claims. Organisational charts were made available on our intranet.

Staff development and organisational capability

Learning and development

We initiated trial projects in e-learning technology and systems and accreditation of courses in conjunction with TAFE.

In collaboration with the SDRO Integration team, we commenced development of an e-learning solution for SDRO commercial client training.

In partnership with TAFE Plus, we are introducing accreditation of Certificate IV level for participants of the Management Development Program. We have a long-term view to introduce more courses resulting in a qualification.

Our learning teams conducted 559 learning sessions across more than 100 programs and fulfilled 85 per cent of individual learning requests.

Equal Employment Opportunity (EEO)

We developed the Respect and Dignity in the Workplace Policy to address issues of bullying, harassment and the appropriate conduct of staff in their interactions with each other at work.

Employee assistance

- Access Programs continue to provide Employee Assistance Program (EAP) counselling and services to the staff of OSR. Feedback indicated staff who have used the EAP service were satisfied with their experience
- Access Programs provided Critical Incident Debriefing sessions twice for staff
- A partnership between our Spokeswomen's Group and Access Programs delivered an information session for staff on work-life balance that was well attended.

Excellence and Quality in Performance (EQuiP) Program

- We revamped EQuiP, our performance management system. The new system has an emphasis on identifying and addressing development issues, effective systems and processes of support and guidance
- The new EQuiP program was developed in consultation with managers and the PSA. Performance standards were agreed and introduced using an online ratings system. Training was provided to all staff and managers.

Corporate Plan for 2006-07

This Corporate Plan describes how OSR will progress in a challenging environment to achieve its Vision 2009 strategic direction. Each Action Program delivers outcomes for the Focus Areas and Strategies in Vision 2009. Our Corporate Plan also contributes to achieving our corporate objectives. It provides the basis for each divisional plan by identifying the key outcomes we need to achieve.

Focus Area	Corporate Action Program	Strategies	Sponsor
Build an organisation of VALUE-ABLE PEOPLE 	Effectively manage the workforce	Keep staff informed and involved in workplace changes	Director, MSD
		Implement People 2009 Strategy	
		Implement the Mature Worker Retention Action Plan	
	e-Learning	Enhance staff training through an e-learning program	Director, MSD
Drive SERVICE and EFFICIENCY through technology 	Deliver our IT strategies	Deliver the IM&T Strategic Plan initiatives	Chief Information Officer
		Active contribution on the National E-Conveyancing Steering Committee	
	Enhance our Service Channels	Promote the use of telephone and internet channels to clients	Chief Operating Officer
FORGE Powerful Stakeholder RELATIONSHIPS 	Know our stakeholders, commercial and individual clients	Ensure the services we provide meet the needs of stakeholders and individual clients	Director, RAS
		Ensure the services we provide meet the needs of commercial clients	
Enhance our REVENUE PERFORMANCE 	Enhance compliance through structural improvements	Amalgamate Compliance and Client Services Divisions into Operations Division	Chief Operating Officer
		Increase compliance through improved work practices	
	Minimise duties avoidance	Identify potential avoidance arising from the duties abolition timetable	Director, RAS
Ensure OSR's CONTINUAL RENEWAL 	Manage our resources	Identify initiatives for the 2007-08 Global Savings Plan	Director, MSD
	Quality improvements	Regularly review OSR processes and procedures to identify improvements	Chief Operating Officer
		Identify and realise opportunities to improve the quality of processes through integrated activities	Director, SDRO
	Effectively manage change	Conduct post-implementation review for current major organisational change programs	Director, MSD
		Identify, document and apply learnings from change strategies	

RESPONSIVENESS INTEGRITY TEAMWORK ACHIEVEMENT



Financial statements

Page

20	Executive Director's statement
21	Operating statement
21	Statement of changes in equity
22	Balance sheet
23	Cash flow statement
24	Program statement – expenses and revenues
25	Summary of compliance with financial directives
26	Notes to and forming part of the financial statements



Note

1	Summary of significant accounting policies
2	Expenses
3	Revenues
4	Gain/(loss) on disposal of non-current assets
5	Other gains/(losses)
6	Appropriations
7	Acceptance by the Crown Entity of employee benefits and other liabilities
8	Programs and activities of the agency
9	Current assets – cash and cash equivalents
10	Current/non-current assets – receivables
11	Non-current assets – plant and equipment
12	Intangible assets
13	Current liabilities – payables
14	Current/non-current liabilities – provisions
15	Current/non-current liabilities – other
16	Changes in equity
17	Commitments for expenditure
18	Contingent liabilities and contingent assets
19	Budget review
20	Reconciliation of cash flows from operating activities to net cost of services
21	Financial instruments
22	Trust funds
23	Administered assets – receivables
24	Administered liabilities
25	Administered revenue – debts written off/remissions
26	Administered expenses – other
27	Administered revenue – Consolidated Fund
28	Administered contingent liabilities and contingent assets
29	Impact of adopting AEIFRS

Executive Director's statement

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

- (a) the accompanying financial statements for the year ending 30 June 2006 have been prepared in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the requirements of the *Public Finance and Audit Act 1983* and Regulation 2005, and the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Agencies or issued by the Treasurer under section 9(2) of the Act;
- (b) the statements and notes exhibit a true and fair view of the financial position and transactions of the Agency; and
- (c) there are no circumstances, which would make any particulars included in the financial statements misleading or inaccurate.



Peter Achterstraat
4 September 2006
Executive Director and
Chief Commissioner of State Revenue

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



Operating statement

For the year ended 30 June 2006

	Notes	Actual 2006 \$'000	Budget 2006 \$'000	Actual 2005 \$'000
Expenses excluding losses				
Operating expenses				
Employee related	2(a)	82 130	83 532	78 722
Other operating expenses	2(b)	36 219	36 102	42 841
Depreciation and amortisation	2(c)	11 062	13 918	11 121
Grants and subsidies	2(d)	302 267	277 183	261 342
Other expenses	2(e)	145	-	217
Total expenses excluding losses		431 823	410 735	394 243
Less				
Revenue				
Sale of goods and services	3(a)	27 951	25 080	26 065
Investment revenue	3(b)	1 273	1 038	1 878
Retained taxes, fees and fines	3(c)	116	148	254
Grants and contributions	3(d)	1	80	68
Other revenue	3(e)	722	216	377
Total revenue		30 063	26 562	28 642
Loss on disposal	4	(8)	-	(29)
Other gains/(losses)	5	62	-	(103)
Net cost of services	20	401 706	384 173	365 733
Government contributions				
Recurrent appropriation	6	390 219	365 393	345 892
Capital appropriation	6	10 983	11 375	19 882
Acceptance by the Crown Entity of employee benefits and other liabilities	7	4 776	3 656	8 897
Total Government contributions		405 978	380 424	374 671
Surplus/(deficit) for the year	16	4 272	(3 749)	8 938

Statement of changes in equity

For the year ended 30 June 2006

	Notes	Actual 2006 \$'000	Budget 2006 \$'000	Actual 2005 \$'000
Total income and expense recognised directly in equity		-	-	-
Surplus/(deficit) for the year	16	4 272	(3 749)	8 938
Total income and expense recognised for the year		4 272	(3 749)	8 938

The accompanying notes form part of these statements.

Balance sheet

As at 30 June 2006

	Notes	Actual 2006 \$'000	Budget 2006 \$'000	Actual 2005 \$'000
Assets				
Current assets				
Cash and cash equivalents	9	8 748	3 884	4 668
Receivables	10	11 072	11 081	11 081
Total current assets		19 820	14 965	15 749
Non-current assets				
Receivables	10	5	2	2
Property, plant and equipment				
Plant and equipment	11	33 220	45 017	27 847
Intangible assets	12	19 025	4 781	24 494
Total non-current assets		52 250	49 800	52 343
Total assets		72 070	64 765	68 092
Liabilities				
Current liabilities				
Payables	13	3 679	4 395	4 395
Provisions	14	7 762	6 362	6 362
Other	15	736	178	178
Total current liabilities		12 177	10 935	10 935
Non-current liabilities				
Provisions	14	83	1 455	1 455
Other	15	207	371	371
Total non-current liabilities		290	1 826	1 826
Total liabilities		12 467	12 761	12 761
Net assets		59 603	52 004	55 331
Equity				
Reserves		-	-	-
Accumulated funds		59 603	52 004	55 331
Total equity	16	59 603	52 004	55 331

The accompanying notes form part of these statements.

Cash flow statement

For the year ended 30 June 2006

	Notes	Actual 2006 \$'000	Budget 2006 \$'000	Actual 2005 \$'000
Cash flows from operating activities				
Payments				
Employee related		(76 386)	(79 876)	(73 102)
Grants and subsidies		(302 875)	(277 183)	(263 244)
Other		(45 400)	(41 981)	(83 799)
Total payments		(424 661)	(399 040)	(420 145)
Receipts				
Sale of goods and services		27 856	25 080	32 420
Retained taxes, fees and fines		116	-	255
Interest received		1 545	1 038	1 432
Other		8 429	6 323	8 281
Total receipts		37 946	32 441	42 388
Cash flows from government				
Recurrent appropriation		390 219	365 393	345 892
Capital appropriation		10 983	11 375	19 882
Cash reimbursements from the Crown Entity		-	-	3 638
Cash transfers to the Consolidated Fund		571	-	(631)
Net cash flows from government		401 773	376 768	368 781
Net cash flows from operating activities	20	15 058	10 169	(8 976)
Cash flows from investing activities				
Proceeds from sale of plant and equipment	4	1	-	5
Purchases of plant and equipment		(10 360)	(3 812)	(20 167)
Other		(619)	(7 563)	-
Net cash flows from investing activities		(10 978)	(11 375)	(20 162)
Net increase/(decrease) in cash		4 080	(1 206)	(29 138)
Opening cash and cash equivalents		4 668	7 428	33 806
Closing cash and cash equivalents	9	8 748	6 222	4 668

The accompanying notes form part of these statements.

Supplementary financial statements

Program statement – expenses and revenues

For the year ended 30 June 2006

	Program 64.2.1*		Program 64.3.1*		Program 64.4.1*		Not Attributable		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Agency's expenses and revenues										
Expenses excluding losses										
Operating expenses										
Employee related	55 845	52 332	22 399	22 704	3 886	3 686	-	-	82 130	78 722
Other operating expenses	16 892	19 494	18 347	22 101	980	1 246	-	-	36 219	42 841
Depreciation and amortisation	7 710	5 794	2 734	4 812	618	515	-	-	11 062	11 121
Grants and subsidies	16 673	12 176	-	-	285 594	249 166	-	-	302 267	261 342
Other expenses	-	-	145	217	-	-	-	-	145	217
Total expenses excluding losses	97 120	89 796	43 625	49 834	291 078	254 613	-	-	431 823	394 243
Revenue										
Sale of goods and services	3 744	3 174	24 193	22 853	14	38	-	-	27 951	26 065
Investment revenue	602	757	624	1 055	47	66	-	-	1 273	1 878
Retained taxes, fees and fines	-	-	116	254	-	-	-	-	116	254
Grants and contributions	-	14	1	53	-	1	-	-	1	68
Other revenue	710	361	(30)	-	42	16	-	-	722	377
Total revenue	5 056	4 306	24 904	24 215	103	121	-	-	30 063	28 642
Gain/(loss) on disposal	-	-	(8)	(29)	-	-	-	-	(8)	(29)
Other gains/(losses)	-	-	-	-	62	(103)	-	-	62	(103)
Net cost of services	92 064	85 490	18 729	25 648	290 913	254 595	-	-	401 706	365 733
Government contributions **	-	-	-	-	-	-	405 978	374 671	405 978	374 671
Net (expenditure)/ revenue for the years	(92 064)	(85 490)	(18 729)	(25 648)	(290 913)	(254 595)	405 978	374 671	4 272	8 938
Administered expenses and revenues										
Administered expenses										
Other (Note 26)	110 010	93 932	-	-	-	-	-	-	110 010	93 932
Total administered expenses	110 010	93 932	-	-	-	-	-	-	110 010	93 932
Administered revenues										
Consolidated fund revenue earned (Note 27(a))										
Taxes, fees, and fines	13 857 545	13 295 825	255 690	266 914	-	-	-	-	14 113 235	13 562 739
Other	452 165	415 698	-	-	-	-	-	-	452 165	415 698
Total administered revenues	14 309 710	13 711 523	255 690	266 914	-	-	-	-	14 565 400	13 978 437
Administered revenues less expenses	14 199 700	13 617 591	255 690	266 914	-	-	-	-	14 455 390	13 884 505

* The name and purpose of each program is summarised in Note 8.

** Appropriations are made on a agency basis and not to individual programs. Consequently, government contributions must be included in the 'Not Attributable' column.

Summary of compliance with financial directives

For the year ended 30 June 2006

	2006				2005			
	Recurrent	Expenditure/	Capital	Expenditure/	Recurrent	Expenditure/	Capital	Expenditure/
	Appropri'n	Net Claim	Appropri'n	Net Claim	Appropri'n	Net Claim	Appropri'n	Net Claim
	\$'000	on confund	\$'000	on confund	\$'000	on confund	\$'000	on confund
		\$'000		\$'000		\$'000		\$'000
Original budget appropriation/expenditure								
Appropriation Act	365 393	365 135	11 375	10 983	367 792	345 194	17 958	17 958
Additional appropriations	17 000	17 000	—	—	—	—	—	—
s21A PF&A Act special appropriations	—	—	—	—	—	—	—	—
s24 PF&A Act transfers of functions between departments	—	—	—	—	—	—	—	—
	382 393	382 135	11 375	10 983	367 792	345 194	17 958	17 958
Other appropriations/expenditure								
Treasurer's advance	—	—	—	—	—	—	2 097	1 746
Section 22 – expenditure for certain works and services	10 000	6 594	—	—	—	—	—	—
Transfers from another department (section 27 of the Appropriation Act)	—	—	—	—	719	698	242	241
Transfers to another department (section 27 of the Appropriation Act)	—	—	—	—	—	—	—	—
Transfers from another department (section 28 of the Appropriation Act)	1 490	1 490	—	—	—	—	—	—
	11 490	8 084	—	—	719	698	2 339	1 987
Total appropriations/Expenditure/Net claim on Consolidated Fund (includes transfer payments)	393 883	390 219	11 375	10 983	368 511	345 892	20 297	19 945
Amount drawn down against Appropriation		390 398		11 375		345 892		19 882
Liability to Consolidated Fund *		179		392		—		—

The summary of compliance is based on the assumption that Consolidated Fund moneys 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 and forming part of the financial statements

Note 1

Summary of significant accounting policies

(a) Reporting entity

The Office of State Revenue (OSR), as a reporting entity, comprises all the operating activities under its control. The OSR is responsible for the administration and collection of specific taxes imposed by the State of New South Wales and income tax equivalents from State Government businesses. OSR is also responsible for the processing and enforcement of fines, administration and payment of grants under the First Home Owner Grant Scheme (FHOGS) and Unclaimed Money.

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

Administered activities are consolidated as part of the Crown Entity accounts.

(b) Basis of preparation

The financial statements of OSR are a general purpose financial report which has been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian equivalents to International Financial Reporting Standards (AEIFRS));
- the requirements of the *Public Finance and Audit Act 1983* and Regulation 2005;
- the Financial Reporting Directions published in the Financial Reporting Code for Budget

Dependant General Government Sector Agencies or issued by the Treasurer.

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

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

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

(c) Statement of compliance

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

This is the first financial report prepared based on AEIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly, except as stated below.

In accordance with AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* and Treasury Mandates, the date of transition to AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* has been deferred to 1 July 2005. As a result, comparative information for these two Standards is presented under the previous Australian Accounting standards which applied to the year ended 30 June 2005.

The basis used to prepare the 2004-05 comparative information for financial instruments under previous Australian Accounting

Standards is discussed in Note 1 (y) below. The financial instrument accounting policies for 2005-06 are specified in Notes 1 (r) and 1 (v), below.

Reconciliation of AEIFRS equity or surplus or deficit for 30 June 2005 to the balances reported in the 30 June 2005 financial report are detailed in Note 29.

(d) Administered activities

The agency administers, but does not control, certain activities on behalf of the Crown Entity. 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 own objectives.

Transactions and balances relating to the administered activities are not recognised as the agency's revenues, expenses, assets and liabilities, but are disclosed in the accompanying schedules as 'Administered revenues', 'Administered expenses', 'Administered assets' and 'Administered liabilities'. In accordance with the Crown Entity's current revenue recognition policy (TC 92/25 'Accounting for Crown Revenue'), State taxation revenue is recognised as follows:

- government-assessed revenues (primarily land tax) are regarded as being able to be measured reliably at the time of issuing the assessment.
- taxpayer-assessed revenues (including pay-roll tax) are regarded as being able to be measured reliably when the funds are received by the tax collecting 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.
- fines (such as those issued by the Courts) and enforcement orders issued by the State Debt Recovery Office (SDRO) are regarded as being able to be measured reliably when the fine or enforcement order is issued. Infringements issued, are regarded as being able to be measured reliably when the cash is received.

(e) Income recognition

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

(i) Parliamentary appropriations and contributions

Parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as income when the agency obtains control over the assets comprising the appropriations and contributions. Control over appropriations and contributions are normally obtained upon the receipt of cash.

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

appropriations are accounted for as liabilities rather than revenue.

The liability is disclosed in Note 15 as part of 'Current/non-current liabilities-other'. The amount will be repaid and the liability will be extinguished in the next financial year.

(ii) Sale of goods

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

(iii) Rendering of services

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

Infringement fees are recognised when the service is provided. Land tax search fees are recognised as revenue when the agency obtains control of the assets that result from them.

(iv) Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*

(f) Employee benefits and other provisions

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

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

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

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

(ii) Long service leave and superannuation

The agency's liabilities for long service leave and superannuation are assumed by the Crown Entity. The agency accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of Employee Entitlements and other Liabilities'. Prior to 2005/06 the Crown Entity also assumed the defined contribution superannuation liability.

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*.

This is based on the application of certain factors (specified in NSWTC 06/09) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain

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

(iii) Other provisions

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

Any provisions for restructuring are recognised only when a agency has a detailed formal plan and the agency has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

(g) Insurance

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

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

Revenues, expenses and assets are recognised net of the amount of GST, except where:

- the amount of GST incurred by the agency as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

- receivables and payables are stated with the amount of GST included.

(i) Acquisition of assets

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

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

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

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

(j) Capitalisation thresholds

Office furniture and equipment costing at least \$5000 is capitalised. Computer hardware costing at least \$1000 is also capitalised. However, grouped assets with inter-related functions such as the computer network and revenue receipting equipment are capitalised regardless of cost.

(k) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines paper (TPP 05-3). This policy adopts fair value in accordance with AASB 116 *property, plant and equipment*.

Property, plant and equipment is measured on an existing use

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

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

As the agency does not own land, building or infrastructure assets, management does not believe that the revaluation of physical non-current assets over five years is warranted, unless it becomes aware of any material difference in the carrying amount of any class of assets.

Most of the agency's assets with the exception of core business applications, are non-specialised with short useful lives and are therefore measured at depreciated historical cost, as a surrogate for fair value.

(l) Impairment of property, plant and equipment

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

(m) Depreciation of property, plant and equipment

Depreciation is provided on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the agency.



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

The useful lives of each category of depreciable assets are:

Computer hardware	4 years
Office equipment	7 years
Office furniture	5 to 10 years
Computer software	1 to 10 years depending on the expected usage of the application.

(n) Grants and subsidies

The FHOGS was introduced in July 2000 to compensate first home buyers for the impact of the introduction of GST. OSR is responsible for the payment of the grant to approved applicants.

The 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-off of refunds that are irrecoverable, however, 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.

(o) Maintenance

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

(p) Leased assets

Operating lease payments are charged to the Operating statement in the periods in which they are incurred. The agency has not entered into any finance leases.

(q) Intangible assets

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

Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite. Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the agency's intangible assets, the assets are carried at cost less any accumulated amortisation.

The agency's intangible assets are amortised using the straight line method over a period ranging from 1 to 10 years depending upon the nature of the application.

In general, intangible assets are tested for impairment where an indicator of impairment exists. However, as a not-for-profit entity with no cash generating units, the agency is effectively exempted from impairment testing (refer para (l)).

(r) Receivables – year ended 30 June 2006 (refer Note 1 (y) for 2004-05 policy)

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are accounted for in the Operating statement when impaired, derecognised or through the amortisation process.

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

(s) Impairment of financial assets

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

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

Any reversals of impairment losses are reversed through the Operating statement, where there is objective evidence. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(t) **Trust funds**

The agency receives monies in a trustee capacity for various trusts as set out in note 22. As the agency performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the agency's own objectives, these funds are not recognised in the financial statements.

(u) **Other assets**

Other assets are recognised on a cost basis.

(v) **Payables – year ended 30 June 2006 (refer Note 1 (y) for 2004-05 Policy)**

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

(w) **Budgeted amounts**

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year and with any adjustments for the effects of additional appropriations, s 21A, s 24 and/or s 26 of the *Public Finance and Audit Act 1983*.

The budgeted amounts in the Operating statement and the Cash flow statement are generally based on the amounts disclosed in the NSW Budget papers (as adjusted above).

However, in the Balance sheet, the amounts vary from the Budget papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts ie per the audited financial statements (rather than carried forward estimates).

(x) **Comparative Information**

Comparative figures have been restated based on AEIFRS with the exception of financial instruments information, which has been prepared under the previous AGAAP Standard (AAS 33) as permitted by AASB 1.36A.

The transition to AEIFRS for financial instruments information was 1 July 2005. The impact of adopting AASB 132/139 is further discussed in Note 29.

(y) **Financial instruments accounting policy for 2004-05 comparative period**

Investment income

Interest revenue is recognised as it accrues.

Receivables

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

Payables

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

Note 2

Expenses excluding losses

(a) Employee related expenses	2006 \$'000	2005 \$'000
Salaries and wages (including recreation leave)	68 415	65 319
Superannuation – defined benefit plans	2 437	-
Superannuation – defined contribution plans	3 899	5 968
Long service leave	2 192	2 585
Workers' compensation insurance	544	393
Pay-roll tax and fringe benefits tax	4 602	4 349
On-costs on LSL not assumed by Crown	41	108
	82 130	78 722

Employee related expenses of \$1.5 million (2004-05 \$2.6 million) have been incurred for various capital projects and are included in computer software costs, intangible costs and capital work in progress in Notes 11 and 12. Except as noted, there are no other employee related payments included in asset and expenditure accounts.

Expenses excluding losses (continued)

(b) Other operating expenses	2006	2005
	\$'000	\$'000
Auditor's remuneration		
Audit or review of financial reports	255	307
Operating lease rental expense		
Minimum lease payments	5 807	5 877
Maintenance (i)	534	611
Insurance	108	94
Other		
Contractors' and consultancy fees	10 663	13 994
Printing and advertising	1 933	2 394
Computer maintenance and software licenses	4 240	1 984
Data access fees	2 088	2 217
Training	385	382
Building maintenance and utilities	2 050	2 757
Minor plant, equipment and stores	1 077	1 543
Postal charges	2 159	2 715
Bank charges	1 948	1 323
Other	2 972	6 643
	36 219	42 841
(c) Depreciation and amortisation expense		
Depreciation		
Computer hardware	2 180	2 102
Computer software	1 699	584
Office equipment	153	143
Office furniture	942	569
	4 974	3 398
Amortisation	6 088	7 723
Total depreciation and amortisation	11 062	11 121
(d) Grants and subsidies		
FHOGS (ii)	285 594	249 166
Department of Lands (iii)	16 673	12 176
	302 267	261 342
(e) Other expenses		
Compensation payments (Statute barred infringements) (iv)	145	217

	2006	2005
	\$'000	\$'000
(i) Reconciliation		
Maintenance expense, as above	534	
Maintenance related employee expenses		
Included in Note 2(a)	4 179	
Total maintenance expenses included		
In Note 2(a) + 2(b)	4 713	
(ii) Total FHOGS payments	300 514	264 848
Less Returns – payments on contracts not settled	(7 309)	(6 288)
Refunds – ineligible payments	(6 325)	(8 068)
Penalties on wrongful claims	(1 501)	(1 500)
Add Write-off of Refunds due	215	174
Net FHOGS payments	285 594	249 166
(iii) The Department of Lands provides land information and valuation services required to administer the <i>Land Tax Management Act 1956</i> .		
(iv) In 2005-06, compensation payments amounting to \$145 000 were paid to clients of the SDRO who were financially disadvantaged due to infringements reaching a statute barred status. In 2004-05, \$217 000 in compensation payments were paid to clients of the SDRO who were financially disadvantaged due to processing delays that ultimately led to infringements becoming statute barred. The payments were made in accordance with the Service Level Agreement provisions.		

Note 3

Revenues

(a) Sale of goods and services	2006 \$'000	2005 \$'000
Rendering of services		
Land tax search fees	3 024	2 662
Administration fees	710	527
Infringement processing fees	24 055	22 707
Other	162	169
	27 951	26 065

Infringement processing fees represent a service provided by the SDRO to a range of local government and public sector clients.

(b) Investment revenue

Interest	1 273	1 878
----------	-------	-------

(c) Retained taxes, fees and fines

Fees

Collection fees	116	254
-----------------	-----	-----

Annulment fees imposed by the SDRO are recognised as revenues as they are controlled by the agency and can be deployed for the achievement of its objectives. They are not required to be paid to the Consolidated Fund.

(d) Grants and contributions

Skills incentive scheme	-	15
Other grants	1	53
	1	68

\$1 000 was received for training and skills incentive programs for staff.

(e) Other revenue

Other	722	377
-------	-----	-----

Primarily attributable to reimbursement of legal fees associated with debt recovery action.

Note 4

Gain/(loss) on disposal of non-current assets

	2006 \$'000	2005 \$'000
Gain/(loss) on disposal of plant and equipment		
Proceeds from disposal	1	5
Written down value of assets disposed	(9)	(34)
Net gain/(loss) on disposal of plant and equipment	(8)	(29)

Note 5

Other gains/(losses)

	2006 \$'000	2005 \$'000
Impairment of receivables	62	(103)

Note 6

Appropriations		
	2006 \$'000	2005 \$'000
Recurrent appropriations		
Total recurrent drawdowns from NSW Treasury (per Summary of compliance)	390 398	345 892
Less: Liability to Consolidated Fund (per Summary of compliance)	179	-
	390 219	345 892
Comprising:		
Recurrent appropriations (per Operating Statement)	390 219	345 892
Capital appropriations		
Total capital drawdowns from NSW Treasury (per Summary of compliance)	11 375	19 882
Less: Liability to Consolidated Fund (per Summary of compliance)	392	-
	10 983	19 882
Comprising:		
Capital appropriations (per Operating statement)	10 983	19 882

Note 7

Acceptance by the Crown Entity of employee benefits and other liabilities		
The following liabilities and/or expenses have been assumed by the Crown Entity:	2006 \$'000	2005 \$'000
Superannuation	2 438	5 968
Long service leave	2 192	2 585
Pay-roll tax	146	344
	4 776	8 897

Note 8

Programs and activities of the agency		
(a) Program 64.2.1 All due revenue is collected and compliance is maximised Objective: Ensure effective and equitable collection of revenue from taxes, duties and other sources due to the State of New South Wales by enhancing our revenue performance and driving service and efficiency through technology.	(b) Program 64.3.1 Effective infringement processing and fine enforcement Objective: Ensure effective and timely infringement processing and fine enforcement services which contribute to a higher level of compliance with the law through the implementation of improved business processes and technology.	(c) Program 64.4.1 Ensuring eligible payments Objective: Ensure eligible applicants receive payments due under Commonwealth/State Government schemes through maximising the efficiency and effectiveness of payments administration consistent with applicable policies, client service strategies and enhanced technology.

Note 9

Current assets - cash and cash equivalents

	2006 \$'000	2005 \$'000
Cash at bank and on hand	8 748	4 668

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

Cash and cash equivalent assets recognised in the balance sheet are reconciled at the end of the financial year to the cash flow statement as follows:

Cash and cash equivalents (per balance sheet)	8 748	4 668
Closing cash and cash equivalents (per cash flow statement)	8 748	4 668

Included in cash at bank is a restricted asset of \$571 000. This represents a liability to the Consolidated Fund.

Note 10

Current/non-current assets - receivables

	2006 \$'000	2005 \$'000
Current		
Sale of goods and services (i)	4 956	4 885
Prepayments	754	658
Other		
GST receivable from ATO	624	1 092
Interest	671	942
FHOGS (ii)	4 068	3 460
Less: allowance for impairment	139	201
Other	138	245
	11 072	11 081
Non-current		
Prepayments	5	2
Total	11 077	11 083

(i) Sale of goods and services

As at 30 June 2006, \$2.3 million (2004-2005 \$2.8 million) of this receivable represents invoices issued to SDRO clients, including councils and other statutory bodies.

(ii) FHOGS debt

The FHOGS debt is the result of Compliance audits of grants paid where applicants do not legally qualify as first home owners. In addition to seeking recovery of grant payments, penalties are imposed in accordance with FHOGS legislation on offending claims. An allowance for impairment has been created for those outstanding amounts which are considered to be irrecoverable.

The total debt position as at 30 June 2006	2006 \$'000	2005 \$'000
Total debt		
Current amount	361	164
Instalments		
Overdue amounts	6 083	6 184
	6 444	6 348
Less: allowance for impairment	139	201
	6 305	6 147

Overdue amounts

	Less than 30 days		30-90 days		More than 90 days		Total		Allowance for impairment		Net	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Receivable												
SDRO fees	1 630	2 180	228	625	508	34	2 366	2 839	-	-	2 366	2 839
FHOGS	340	264	694	750	2 683	2 331	3 717	3 345	139	201	3 578	3 144
Total	1 970	2 444	922	1 375	3 191	2 365	6 083	6 184	139	201	5 944	5 983

Note 11

Non-current assets - plant and equipment

	Computer hardware \$'000	Computer software \$'000	Office equipment \$'000	Office furniture \$'000	Capital work in progress \$'000	Total \$'000
At 1 July 2005						
At fair value	14 209	6 801	2 113	12 184	8 140	43 447
Accumulated depreciation and impairment	8 935	1 463	1 447	3 755	-	15 600
Net carrying amount	5 274	5 338	666	8 429	8 140	27 847
At 30 June 2006						
At fair value	16 562	7 517	2 333	12 245	15 124	53 781
Accumulated depreciation and impairment	11 115	3 162	1 587	4 697	-	20 561
Net carrying amount	5 447	4 355	746	7 548	15 124	33 220

Reconciliation

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

Year ended 30 June 2006	Computer hardware \$'000	Computer software \$'000	Office equipment \$'000	Office furniture \$'000	Capital work in progress \$'000	Total \$'000
Net carrying amount at start of year	5 274	5 338	666	8 429	8 140	27 847
Additions	27	150	30	61	10 707	10 975
Disposals	-	-	(22)	-	-	(22)
Transfer from CWIP	2 326	566	212	-	(3 723)	(619)
Depreciation expense	(2 180)	(1 699)	(153)	(942)	-	(4 974)
Other movements						
Write back on disposal	-	-	13	-	-	13
Net carrying amount at end of year	5 447	4 355	746	7 548	15 124	33 220

At 1 July 2004

At fair value	11 735	2 372	1 898	5 978	14 164	36 147
Accumulated depreciation and impairment	7 724	571	1 374	3 186	-	12 855
Net carrying amount	4 011	1 801	524	2 792	14 164	23 292

At 30 June 2005

At fair value	14 209	6 801	2 113	12 184	8 140	43 447
Accumulated depreciation and impairment	8 935	1 463	1 447	3 755	-	15 600
Net carrying amount	5 274	5 338	666	8 429	8 140	27 847

Reconciliation

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

Year ended 30 June 2005	Computer hardware \$'000	Computer software \$'000	Office equipment \$'000	Office furniture \$'000	Capital work in progress \$'000	Total \$'000
Net carrying amount at start of year	4 011	1 801	524	2 791	14 164	23 292
Additions	20	-	16	42	20 094	20 172
Disposals	(584)	-	(104)	-	-	(688)
Transfer from CWIP	3 038	4 429	303	6 164	(26 118)	(12 184)
Depreciation expense	(1 794)	(892)	(143)	(569)	-	(3 398)
Other movements						
Write back on disposal	583	-	70	-	-	653
Net carrying amount at end of year	5 274	5 338	666	8 429	8 140	27 847

Note 12

Intangible assets

	Computer software
	\$'000
At 1 July 2006	
Cost (gross carrying amount)	70 567
Accumulated amortisation and impairment	46 073
Net carrying amount	24 494
At 30 June 2006	
Cost (gross carrying amount)	71 186
Accumulated amortisation and impairment	52 161
Net carrying amount	19 025
Year ended 30 June 2006	
Net carrying amount at start of year	24 494
Amortisation (recognised in 'depreciation and amortisation')	(6 088)
Transfer to/(from) CWIP	619
Net carrying amount at end of year	19 025
At 1 July 2004	
Cost (gross carrying amount)	58 383
Accumulated amortisation and impairment	38 350
Net carrying amount	20 033
At 30 June 2005	
Cost (gross carrying amount)	70 567
Accumulated amortisation and impairment	46 073
Net carrying amount	24 494
Year ended 30 June 2005	
Net carrying amount at start of year	20 033
Amortisation (recognised in 'depreciation and amortisation')	(7 723)
Transfer to/(from) CWIP	12 184
Net carrying amount at end of year	24 494

Note 13

Current liabilities - payables

	2006	2005
	\$'000	\$'000
Accrued salaries, wages and on-costs	1 615	679
Creditors	2 064	3 716
	3 679	4 395

Note 14

Current/non-current liabilities - provisions

	2006	2005
	\$'000	\$'000
Current		
Employee benefits and related on-costs		
Recreation leave	5 848	5 844
Provision for pay-roll tax on recreation leave liability	351	351
Provision for pay-roll tax on long service leave liability	1 035	97
Provision for on-costs on long service leave liability	535	59
Provision for fringe benefits tax	(7)	11
	7 762	6 362
Non-current		
Employee benefits and related on-costs		
Provision for pay-roll tax on long service leave liability	55	928
Provision for on-costs on long service leave liability	28	527
	83	1 455
Aggregate employee benefits and related on-costs		
Provisions – current	7 762	6 362
Provisions – non-current	83	1 455
Accrued salaries, wages and on-costs (Note 13)	1 615	679
	9 460	8 496

In accordance with AASB 101, management expects an amount of \$1.5 million relating to recreation leave and related on-costs, in addition to \$1.5 million relating to pay-roll tax and on costs associated with long service leave to be settled after more than 12 months.

Note 15

Current/non-current liabilities - other		
	2006	2005
	\$'000	\$'000
Current		
Lease incentive	165	178
Liability to the Consolidated Fund	571	-
	736	178
Non-current		
Lease incentive	207	371
	943	549

Note 16

Changes in equity				
	Accumulated funds		Total equity	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the financial year	55 331	46 393	55 331	46 393
Changes in equity – transactions with owners as owners				
Increase in net assets from equity transfers	-	-	-	-
Total	55 331	46 393	55 331	46 393
Changes in equity – other than transactions with owners as owners				
Surplus for the year	4 272	8 938	4 272	8 938
Total	4 272	8 938	4 272	8 938
Balance at the end of the financial year	59 603	55 331	59 603	55 331

Note 17

Commitments for expenditure		
	2006	2005
	\$'000	\$'000
(a) Capital commitments		
Aggregate capital expenditure for the acquisition of contractors and other computer items contracted for at balance date and not provided for:		
Not later than one year	319	1 601
Later than one year and not later than five years	-	-
Later than five years	-	-
Total (including GST)	319	1 601
(b) Other expenditure commitments		
Aggregate other expenditure for the acquisition of printing and other general office expenses contracted for at balance date and not provided for:		
Not later than one year	60	191
Later than one year and not later than five years	-	-
Later than five years	-	-
Total (including GST)	60	191
(c) Operating lease commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	6 890	6 989
Later than one year and not later than five years	10 404	15 873
Later than five years	9 951	10 871
Total (including GST)	27 245	33 733

Leasing arrangements are generally for rental of premises and computer equipment to be paid one month in advance. The total commitments for expenditure as at 30 June 2006 include input tax credits of \$2.5 million (\$3.2 million in 2004-05) which are recoverable from the Australian Taxation Office.

Note 18

Contingent liabilities and contingent assets

There are currently 11 matters where the Crown Solicitor is acting on behalf of the agency. The estimate of settlement is unspecified in each case.

A contingent liability exists for the cost of restoring leased premises in accordance with lease contracts.

Note 19

Budget review

Net cost of services

The net cost of services result of \$401.7 million exceeded budget by \$17.5 million. The reasons for this 4.6 per cent variance are:

- higher First Home Owner Grants paid than expected by \$23.6 million
- higher payments to the Department of Land and Property Information for valuation fees – \$1.5 million
- lower depreciation and amortisation by \$2.9 million due to changed implementation dates for certain projects
- lower employee related expenditure by \$1.4 million
- higher retained revenues mainly from clients \$3.5 million.

Assets and liabilities

The total assets result of \$72.1 million exceeded the budget by \$7.3 million. The explanation for the 11.3 per cent variance is:

Current assets

- Cash was higher by \$4.9 million mainly due to higher receipts – infringements fees and Section 47 land tax clearance certificates, and lower employee related costs.

Non-current assets

- Plant and equipment and Intangible assets are higher by \$2.5 million due to the changed implementation dates for certain projects that delayed the depreciation of these assets.

Total liabilities

- Total liabilities of \$12.5 million varied by \$0.3 million (2.3 per cent) to the budget. Lower creditors of \$1.7 million

Note 20

Reconciliation of cash flows from operating activities to net cost of services

	Notes	2006 \$'000	2005 \$'000
Net cash used on operating activities		15 058	(8 976)
Net cash flows from Government/appropriations		(401 773)	(365 143)
Acceptance by the Crown Entity of employee benefits and other liabilities	7	(4 776)	(8 897)
Depreciation and amortisation	2(c)	(11 062)	(11 121)
Allowance for impairment		62	(103)
Increase in provisions		(28)	(1 091)
Increase/(decrease) in prepayments and other assets		68	(3 499)
Decrease in creditors		889	33 126
Net loss on sale of plant and equipment	4	(8)	(29)
Net cost of services		(401 706)	(365 733)

partially offset by higher employee payables and provisions contributed to this variance.

Cash flows

The closing cash balance of \$8.8 million was higher than budget by \$2.5 million and is explained by the following cash movements:

- lower actual opening cash balance by \$2.8 million
- higher receipts from the sale of goods and services by \$2.8 million
- higher other receipts by \$2.1 million.

This rate was 4.75 per cent as at 30 June 2006 (4.5 per cent at 30 June 2005).

(b) Receivables

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts, which are known to be 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). No interest is earned on trade debtors. The carrying amount approximates net fair value.

(c) Bank overdraft

The agency does not have any bank overdraft facility.

(d) Trade creditors and accruals

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. No interest for late payment was made during the 2005-06 year (2004-05 \$nil). The carrying amount approximates net fair value.

Note 21

Financial instruments

The agency's principal financial instruments are outlined below. These financial instruments arise directly from the agency's operations or are required to finance the agency's operations. The agency does not enter into or trade financial instruments for speculative purposes. The agency does not use financial derivatives.

(a) Cash

Cash consists of cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11.00am unofficial cash rate adjusted for a management fee to NSW Treasury.



Note 22

Trust funds

Monies held in trust for the Crown Entity and others are not recognised in the financial report, as the 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 & trust common fund		Testamentary & trust interest		Companies liquidation		Total	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Cash balance at the beginning of the financial year	4 284	4 284	5 795	5 382	1 275	583	11 354	10 249
Add: receipts	29	-	464	413	66	931	559	1344
Less: expenditure		-		-	6	4	6	4
Transfers to Crown		-		-	165	235	165	235
Cash balance at the end of the financial year	4 313	4 284	6 259	5 795	1 170	1 275	11 742	11 354

(b) SDRO client funds account – fines

	2006 \$'000	2005 \$'000
Cash balance at the beginning of the financial year	15 217	31 413
Add: receipts	104 599	76 986
Less: payments	106 685	93 182
Cash balance at the end of the financial year	13 131	15 217

Funds held in this account represent amounts collected on behalf of clients. These funds are remitted to clients in the month following collection. Included in the cash balance at the beginning of the 2005 financial year is an amount of \$20.8 million relating to prior years that have subsequently been disbursed.

(c) SDRO public monies accounts – fines

	2006 \$'000	2005 \$'000
Cash balance at the beginning of the financial year	8 215	8 617
Add: receipts	129 732	144 033
Less: payments	129 479	144 435
Cash balance at the end of the financial year	8 468	8 215

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

Note 23

Administered assets - receivables

(a) Tax debtors

Assets administered by OSR for the Crown Entity are primarily tax and fine debtors. They are not recognised in the balance sheet.

	2006 \$'000	2005 \$'000
Current and instalment amounts	235 313	294 526
Overdue amounts	154 055	135 486
	389 368	430 012
Less: allowance for impairment	21 462	28 198
	367 906	401 814

The receivables above represent taxes owed by clients at the close of business on 30 June 2006 and exclude any credit balances, which are disclosed separately in Note 24.

Current and instalment amounts

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

	Current		Instalments		Total	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Duties	64 105	82 613	-	-	64 105	82 613
Pay-roll tax	32 416	20 438	-	-	32 416	20 438
Land tax	117 543	161 567	13 649	23 629	131 192	185 196
Parking space levy	6 682	5 412	-	-	6 682	5 412
Accommodation levy	23	23	-	-	23	23
Club gaming devices	169	329	-	-	169	329
Hotel gaming devices	567	515	-	-	567	515
Insurance protection tax	159	-	-	-	159	-
	221 664	270 897	13 649	23 629	235 313	294 526

Overdue amounts

	Less than 30 days		30 - 90 days		More than 90 days		Total		Allowance for impairment		Net	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Duties	1 103	1 286	880	932	6 576	7 469	8 559	9 687	(2 090)	(3 615)	6 469	6 072
First home purchase	-	-	-	-	107	424	107	424	(46)	(184)	61	240
Pay-roll tax	5 216	3 819	6 413	7 174	30 816	37 538	42 445	48 531	(17 725)	(22 811)	24 720	25 720
Land tax	9 172	18 466	20 556	11 104	66 894	41 044	96 622	70 614	(1 464)	(1 560)	95 158	69 054
Parking space levy	130	131	64	11	1 600	2 533	1 794	2 675	(137)	(28)	1 657	2 647
Club gaming devices	2 302	496	-	244	397	557	2 699	1 297	-	-	2 699	1 297
Hotel gaming devices	-	-	262	427	1 505	1 829	1 767	2 256	-	-	1 767	2 256
Insurance protection tax	62	2	-	-	-	-	62	2	-	-	62	2
	17 985	24 200	28 175	19 892	107 895	91 394	154 055	135 486	(21 462)	(28 198)	132 593	107 288

All receivables are recognised as amounts receivable at balance date. Collectability 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 S22 of the *Tax 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.

Administered assets - receivables (continued)

(b) Fine debtors (SDRO)	2006 \$'000	2005 \$'000
Opening balance	723 510	644 866
Movement	67 331	78 644
	790 841	723 510
Application of AAS29 (i)	571 809	544 188
	219 032	179 322

(i) Debts that do not meet the asset recognition criteria.

An amount of \$1 million (2004-05 \$1.9 million) being repaid by referring agencies to the SDRO is not included in the debtors reported above.

The following is a summary of receivable balances by year of enforcement:

Source	Pre 2004 \$'000	2004 \$'000	2005 \$'000	2006 \$'000	Total \$'000	AAS29 \$'000	Net \$'000
Current (i)							
IPB	177 282	48 575	80 608	78 507	384 972	226 541	158 431
Courts	127 147	34 952	36 018	42 389	240 506	197 858	42 648
State Electoral Office	2 238	3 334	6 632	265	12 469	8 372	4 097
Sheriff's Office	6 926	2 319	2 477	6 830	18 552	17 322	1 230
Other	13 584	1 536	4 007	11 910	31 037	29 405	1 632
	327 177	90 716	129 742	139 901	687 536	479 498	208 038
Historical (ii)							
Warrant Index Unit (WIU)	51 479	2 502	23	739	54 743	43 750	10 993
Road and Traffic Authority (RTA)	47 111	93	35	1 323	48 562	48 561	1
	98 590	2 595	58	2 062	103 305	92 311	10 994
Total historical and current fines	425 767	93 311	129 800	141 963	790 841	571 809	219 032
RTA sanction costs (iii)	4 482	988	1 568	1 744	8 782	-	8 782
Total owing	430 249	94 299	131 368	143 707	799 623	571 809	227 814

(i) Current fines are those referred to SDRO following its establishment in 1998.

(ii) Historical fines are those that were referred to the SDRO on its establishment from the WIU and the RTA. Amounts are owing in each of the years as they have been enforced over a period of time.

(iii) RTA sanction costs reported above are paid to the RTA when collected.

Note 24

Administered liabilities

Credit balances against tax debtors have not been netted off against the receivables reported in Note 23 and are required to be shown separately as administered liabilities.

	2006 \$'000	2005 \$'000
Duties	6 280	4 988
First home purchase	-	90
Pay-roll tax	13 708	7 849
Land tax	13 947	8 828
Parking space levy	677	567
Tax equivalents	40	3 658
Club gaming devices	3	65
Hotel gaming devices	4	-
Insurance protection tax	1	1
Fines	57	38
	34 717	26 084

The credit balances above are primarily matters awaiting final assessments pending receipt of additional information. Duties in particular carry the credit against debtors until such time as the assessment is finalised. Similarly, a credit exists for a pay-roll tax client where an assessment needs to be completed. Credit situations are also created where taxes are paid in advance or overpayments are to be refunded to clients.

Note 25

Administered revenue

	2006			2005		
	Tax/Fines \$'000	Penalties/ Interest \$'000	Total \$'000	Tax/Fines \$'000	Penalties/ Interest \$'000	Total \$'000
(a) Debts written off						
Duties	2 058	1 575	3 633	1 074	633	1 707
Parking space levy	-	6	6	22	19	41
Pay-roll tax	14 161	5 572	19 733	14 445	5 011	19 456
Land tax	592	150	742	367	71	438
Club gaming devices	212	70	282	10	5	15
Hotel gaming devices	268	94	362	5	4	9
	17 291	7 467	24 758	15 923	5 743	21 666

A debt is only considered irrecoverable where it is deemed to be either uneconomic to recover, the debtor cannot be located, the personal or financial circumstances of the debtor does 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 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:

	2006			2005		
	Penalties	Interest	Total	Penalties	Interest	Total
Duties	129	4 287	4 416	300	2 929	3 229
Parking space levy	16	1 322	1 338	4	1 409	1 413
Pay-roll tax	383	3 965	4 348	632	4 678	5 310
Land tax	49	14 442	14 491	-	17 807	17 807
Debits tax	-	-	-	-	18	18
Accommodation levy	-	-	-	-	231	231
Health insurance levies	-	187	187	-	-	-
Club gaming devices	-	17	17	-	5	5
Hotel gaming devices	-	17	17	-	11	11
Fixed odds sports betting	-	1	1	-	3	3
Totalizator tax on and off course totes	-	14	14	-	-	-
	577	24 252	24 829	936	27 091	28 027

Business rules governing the imposition of interest and penalty allow them to be remitted in part or full if the client can provide a satisfactory explanation for the default.

Note 26

Administered expenses - other

In 2005-06, OSR incurred the following expenses on behalf of the Crown Entity:

	2006 \$'000	2005 \$'000
Act of Grace payments	5 458	2 035
Petroleum subsidies (i)	40 356	40 369
Court imposed interest payments	756	244
Unclaimed money refund - S14 Public Finance and Audit Act	163	197
Bad debts expense	18 022	20 015
Land tax discounts (ii)	13 811	13 225
First home purchase	-	1
GST rebate - Clubs (iii)	31 444	17 846
	110 010	93 932

(i) Petroleum subsidies

Petroleum subsidies are paid to petroleum distributors to enable retailers located in northern NSW to compete with Queensland retailers who are provided an excise subsidy by the Queensland Government.

(ii) Land tax discounts

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

(iii) GST rebate - Clubs

The GST rebate is paid to clubs to compensate for the impact of the GST and commenced during 2004-05. It is based on gaming profits and is paid quarterly.



Note 27

Administered revenue - Consolidated Fund

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

	Actual 2006 \$'000	Budget 2006 \$'000	Actual 2005 \$'000
(a) Revenue earned			
Taxes, penalties and interest			
Duties (ii)	4 830 627	5 332 000	4 808 929
First home purchase scheme	10	-	6
Total duties	4 830 637	5 332 000	4 808 935
Parking space levy (ii)	46 573	44 000	47 715
Pay-roll tax (i) (ii)	5 912 456	5 843 000	5 532 932
Land tax (i) (ii)	1 748 111	1 635 000	1 677 316
Debits tax (ii)	-	-	100
Health insurance levy (ii)	108 023	106 000	101 630
Insurance protection tax	67 867	69 000	67 553
Gaming and racing			
Keno tax	7 603	8 000	7 645
Totalizator tax on and off course totes (ii)	145 541	160 000	152 751
Fixed odds sports betting (ii)	3 913	-	3 580
Fixed odds racing betting	298	-	219
Footy TAB	757	-	899
Club gaming devices (ii)	569 089	562 000	499 635
Hotel gaming devices (ii)	416 677	438 000	394 915
Total gaming and racing	1 143 878	1 168 000	1 059 644
Total taxes, penalties and interest	13 857 545	14 197 000	13 295 825
Fines			
Infringement processing			
Traffic	79 244		76 305
Parking	14 756		8 134
Red light camera	10 385		10 697
Speed camera	30 930		57 285
Other revenue	2 166		6 293
	137 481	146 000	158 714
Debt recovery			
Motor traffic (iii)	84 970		69 959
Other	945		587
Local courts	5 972		6 221
Enforcement	25 827		30 289
Electoral	495		1 144
	118 209	64 675	108 200
Total fines	255 690	210 675	266 914
Total taxes, fines, penalties and interest	14 113 235	14 407 675	13 562 739
Other			
Tax equivalents	439 079		392 074
Unclaimed money	11 454		22 161
Other revenue	1 632		1 463
Total other	452 165		415 698
Total revenue earned	14 565 400		13 978 437

(i) The budget for pay-roll tax and land tax include elimination estimates for public sector agencies of \$729 million and \$2 million respectively.

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

	2006	2005
	\$'000	\$'000
Duties	8 943	11 773
Parking space levy	1 950	2 311
Pay-roll tax	22 545	25 862
Land tax	29 976	36 458
Debits Tax	-	30
Health insurance levy	250	-
Totalizator tax on and off course totes	14	-
Fixed odds sports betting	1	3
Club gaming devices	138	121
Hotel gaming devices	340	421
	64 157	76 979

(iii) An amount of \$39.7 million (2004-05 \$20.5 million) has been recognised in motor traffic fine revenue that relates to the increase in recoverable fines for the current year (refer to Note 23(b)).

Administered revenue - Consolidated Fund (continued)

	Actual 2006 \$'000	Actual 2005 \$'000
(b) Revenue collected		
Taxes, penalties and interest		
Duties	4 843 785	4 807 492
First home purchase scheme	49	123
Total duties	4 843 834	4 807 615
Parking space levy	45 033	46 308
Pay-roll tax	5 888 341	5 499 952
Land tax	1 752 183	1 586 371
Debits tax	-	81
Accommodation levy	-	503
Health insurance levy	107 836	101 631
Insurance protection tax	67 647	67 568
Gaming and racing		
Keno tax	7 603	7 645
Totalizator tax on and off course totes	145 527	152 751
Fixed odds sports betting	3 912	3 573
Fixed odds racing betting	298	219
Footy TAB	757	900
Club gaming devices	567 484	499 123
Hotel gaming devices	416 740	394 229
Total gaming and racing	1 142 321	1 058 440
Total taxes, penalties and interest	13 847 195	13 168 469
Fines		
Infringement Processing		
Traffic	79 244	76 305
Parking	14 756	8 134
Red light camera	10 385	10 697
Speed camera	30 930	57 285
Other revenue	2 166	6 293
	137 481	158 714
Debt Recovery		
Motor traffic	45 260	49 462
Other	945	587
Local courts	5 972	6 221
Enforcement	25 827	30 289
Electoral	495	1 144
	78 499	87 703
Total fines	215 980	246 417
Total taxes, fines, penalties and interest	14 063 175	13 414 886
Other		
Tax equivalents	435 461	395 732
Unclaimed money	11 454	22 331
Other revenue	1 632	1 463
Total other	448 547	419 526
Total revenue collected	14 511 722	13 834 412

First Home Purchase Scheme transfers to Unclaimed monies totalling \$91 150 for amounts collected in prior years have not been included.

Note 28

Administered contingent liabilities and contingent assets

(a) Contingent liabilities

A number of infringement matters are being reviewed by the SDRO to determine whether special circumstances exist for return of the payments.

There are currently 63 matters where the Crown Solicitor is acting on behalf of the agency. The estimate of settlement is unspecified in each case.

(b) Contingent assets

There is currently one matter before the court where a contingent asset (debt) is probable.

Note 29

Impact of adopting AEIFRS

The agency has applied the AEIFRS for the first time in the 2005-06 financial report. The key areas where changes in accounting policies have impacted the financial report are disclosed below. The agency has adopted the options mandated by NSW Treasury for all NSW public sector agencies. The impacts below reflect NSW Treasury's mandates and policy decisions.

The impacts of adopting AEIFRS on total equity and surplus/(deficit) as reported under previous AGAAP are shown below. There are no material impacts on the agency's cash flows.

Impact of adopting AEIFRS (continued)

(a) Reconciliations – 1 July 2004 and 30 June 2005

Reconciliation of equity under previous Accounting Standards (AGAAP) to equity under AEIFRS:

	30 June 2005** \$'000	1 July 2004* \$'000
Total equity under previous AGAAP	61 289	53 217
Adjustments to accumulated funds	-	-
Adjustments to other reserves	-	-
Total equity under AEIFRS	61 289	53 217

* adjustments as at date of transition

** cumulative adjustments as at date of transition plus the year ended 30 June 2005

Reconciliation of surplus/(deficit) under previous AGAAP to surplus/(deficit) under AEIFRS:

	Year ended 30 June 2005 \$'000
Surplus under previous AGAAP	8 072
Surplus under AEIFRS	8 072

Based on the above, application of AEIFRS in 2004/05 has not changed the net cost of services.

(b) Financial instruments – 1 July 2005 first time adoption impacts

As discussed in Note 1(c), the comparative information for 2004/05 for financial instruments has not been restated and is presented in accordance with previous AGAAP. AASB 132 and AASB 139 have been applied from 1 July 2005. There is no change to the 1 July 2005 AEIFRS opening equity for the adoption of AASB 132 / AASB 139.

(c) Grant recognition

The agency, as a not-for-profit entity, has applied the requirements in AASB 1004 Contributions regarding contributions of assets (including grants) and forgiveness of liabilities. There are no differences in the recognition requirements between the new AASB 1004 and the previous AASB 1004. However, the new AASB 1004 may be amended by proposals in Exposure Draft ED 125 Financial Reporting by Local Governments and ED 147 Revenue from Non-Exchange Transactions (Including Taxes and Transfers). If the ED 125 and ED 147 approach is applied, revenue and/or expense recognition will not occur until either the agency supplies the related goods and services (where grants are in-substance agreements for the provision of goods and services) or until conditions are satisfied. ED 125 and ED 147 may therefore delay revenue recognition compared with AASB 1004, where grants are recognised when controlled. However, at this stage, the timing and dollar impact of these amendments is uncertain.



Impact of adopting AEIFRS (continued)

Impact of standards applicable to reporting periods later than 30 June 2006

The agency is unable to reliably measure the impact of the following standards applicable to financial reporting periods later than those ending 30 June 2006.

AASB No.	Name	Application Date
7	Financial Instruments: Disclosures	Annual reporting periods beginning on or after 1 January 2007
119	Employee Benefits (compiled version issued April 2006)	Annual reporting periods beginning on or after 1 January 2006
1045	Land Under Roads: Amendments to AAS 27A, AAS 29A and AAS 31A	Contain provisions that will apply to annual reporting periods on or after 31 December 2006
2004-3	Amendments to Australian Accounting Standards	Annual reporting periods beginning on or after 1 January 2006
2005-1	Amendments to Australian Accounting Standard	Annual reporting periods beginning on or after 1 January 2006
2005-4	Amendments to Australian Accounting Standards (AASB 139, AASB 132, AASB 1, AASB 1023, AASB 1038)	Annual reporting periods beginning on or after 1 January 2006
2005-5	Amendments to Australian Accounting Standards (AASB 1 and AASB 139)	Annual reporting periods beginning on or after 1 January 2006
2005-6	Amendments to Australian Accounting Standards (AASB 3)	Annual reporting periods beginning on or after 1 January 2006
2005-9	Amendments to Australian Accounting Standards (AASB 4, AASB 1023, AASB 139 and AASB 132)	Annual reporting periods beginning on or after 1 January 2006
2005-10	Amendments to Australian Accounting Standards (AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 1023, AASB 1023 and AASB 1038)	Annual reporting periods beginning on or after 1 January 2007
2006-1	Amendments to Australian Accounting Standards (AASB 121)	Annual reporting periods ending on or after 31 December 2006

End of financial statements.

Appendices

- 1 Legislative changes
- 2 New publications
- 3 Committees
- 4 Consultants
- 5 Freedom of Information
- 6 Staffing
- 7 Ministerial representations received
- 8 Internal audit
- 9 Statement of internal control responsibility
- 10 Additions to major assets
- 11 Accounts payable performance report
- 12 Overseas travel
- 13 Risk management
- 14 Code of conduct





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.

Duties Amendment (Abolition of Vendor Duty) Act 2005

Amends the *Duties Act 1997* to:

- Abolish vendor duty and duty on the disposal of interests in land rich landholders from 2 August 2005.

State Revenue Legislation Further Amendment Act 2005

Amends the following Acts:

Duties Act 1997

- Extends a duty exemption on transfers made in connection with changing superannuation funds.
- Exempts from duty certain transfers that are made in connection with a home equity release scheme.
- Increases the minimum age for eligibility under the First Home Plus scheme from 16 years to 18 years.
- Exempts from duty an assignment of a call option over property in certain circumstances.
- Extends and clarifies the criteria for registration as a wholesale unit trust scheme to include unit trust schemes in which certain foreign entities invest, under the land rich provisions.
- Prevents an administrative provision being abused to avoid mortgage duty by artificially reducing the NSW proportion of property used as security.

- Closes the concession in respect of mortgage duty on advances in connection with debenture issues.
- Extends an existing exemption for certain transferred mortgages.
- Extends a duty concession for insurance policies issued under the Debtor Insurance Scheme of the Stock and Station Agents Association until 31 January 2010.

First Home Owner Grant Act 2000

- Increases the minimum age for eligibility from 16 years to 18 years.
- Allows an applicant who has previously received a grant to be eligible for a further grant, provided that the earlier grant was repaid.
- Inserts a requirement that the applicant must not have previously held an interest in residential property that the applicant used as a residence for a continuous period of at least six months.
- Grants the Chief Commissioner the power to vary the residence requirement or exempt a person from the requirement.
- Extends the provisions under which an applicant who is dissatisfied with a decision of the Chief Commissioner can lodge an objection.

Insurance Protection Tax Act 2001

- Exempts any insurer whose policy holders are separately liable for claims under the insurance, if approved by the Treasurer.

Land Tax Management Act 1956

- Aligns the land tax exemption for primary production land with the business test in the definition of "farmland" used for council rates purposes where land has an urban or non-rural zoning.

- Limits the exemption applying to land subject to conservation agreements to those agreements which are for an indefinite period.
- Includes a number of amendments relating to unoccupied land intended to be an owner's principal place of residence.

Pay-roll Tax Act 1971

- Clarifies the employers' liability for pay-roll tax in relation to industry based long service leave and redundancy benefits schemes.
- Clarifies provisions relating to the imposition of pay-roll tax on shares and options provided as remuneration to employees and directors.

Petroleum Products Subsidy Act 1997

- Authorises the Chief Commissioner to assess and recover overpayments of the subsidy, and provides objection and appeal rights to clients.
- Clarifies provisions relating to the payment and refund of petroleum products subsidies in northern NSW, and related offences.
- Requires sellers of subsidised fuel to include the subsidy rate on invoices.

Taxation Administration Act 1996

- Removes a requirement of reciprocity in relation to investigations of contraventions of revenue laws of other Australian jurisdictions.
- Provides that State owned corporations (SOCs) are not to be treated as members of the same group merely because of their shareholding arrangement.

Administrative Decisions Tribunal Act 1997

- Allocates the function of reviewing a decision of the Chief Commissioner to recover an amount from a person paid under the *Petroleum Products Subsidy Act 1997* to the Revenue Division of the Administrative Decisions Tribunal (ADT).

Land Tax Management Amendment (Tax Threshold) Act 2006

Amends the *Land Tax Management Act 1956* to:

- Increase the threshold at which land tax becomes payable from \$330 000 to \$352 000, with effect from the 2006 land tax year.

Duties Amendment (Abolition of State Taxes) Act 2006

Amends the *Duties Act 1997* to:

- Abolish duty on a hire of goods from 1 July 2007.
- Abolish duty on leases from 1 January 2008.
- Provide for a number of changes to lease duty including transitional provisions, concessions and anti - avoidance measures from 1 July 2006.
- Abolish duty on all marketable security transfers from 1 January 2009.
- Abolish mortgage duty from 1 January 2011.
- Reduce the mortgage duty rate by 50 per cent from 1 January 2010.
- Provide for a number of changes to the application of mortgage duty from 1 July 2006.
- Abolish duty on certain business assets other than land from 1 July 2012.

State Revenue and Other Legislation Amendment (Budget Measures) Act 2006

Amends the following Acts:

Gaming Machine Tax Act 2001

- Changes the tax payable by registered clubs on profits from gaming machines from 1 September 2006.

Land Tax Management Act 1956

- Provides for the assessment of land tax liability on the basis of an average valuation of land.
- Changes the way the tax free threshold for land tax is calculated.
- Includes minor amendments to the calculation of land tax when Crown land is leased.

Pay-roll Tax Act 1971

- Maintains the same pay-roll tax treatment for staff in certain statutory corporations who are now employees of the Crown.

Taxation Administration Act 1996

- Clarifies the application of the legislation following a successful objection under the *Valuation of Land Act 1916*.

State Revenue Legislation Amendment Act 2006

Amends the following Acts:

Duties Act 1997

- Includes certain improvements in the unencumbered value of land for duty purposes.
- Removes the limitation on a concession applying in certain circumstances to cancelled transfers.
- Modifies the concession applying in certain circumstances to transfers between an apparent purchaser and a real purchaser.
- Removes a restriction on eligibility for the first home buyers duty concession where property was previously held as trustee or executor under a will.
- Repeals certain provisions to confirm that decisions of the Chief Commissioner are reviewable by the Administrative Decisions Tribunal.
- Removes some requirements and adds new conditions relating to land rich duty.
- Clarifies the application of mortgage duty on debenture issues and certain insurance duty provisions.

Land Tax Management Act 1956

- Extends the principal place of residence exemption in certain circumstances and clarifies its application to companies.

Pay-roll Tax Act 1971

- Includes a number of amendments relating to the tax payable on grants of shares or options to employees.

Taxation Administration Act 1996

- Provides for the disclosure of information by the Chief Commissioner to the Department of State and Regional Development to facilitate the pay-roll tax incentive scheme.

Petroleum Products Subsidy Act 1965

- Repeals the *Petroleum Products Subsidy Act 1965* and regulations under that Act from 30 June 2006.

Legislative reviews

Review of the First Home Owner Grant Act 2000.

Details of the review were advertised in the press and on our website. Submissions were invited from key stakeholders. Ten submissions were received from representative organisations and a number of other submissions were received from the public.

The issues raised in submissions about the effectiveness of the Act related to the amount of the grant and whether the grant should be limited to new homes.

The report was tabled in both Houses of Parliament on 23 May 2006 and concluded the main objective of the Act remained valid and relevant and the terms of the Act were appropriate for securing that objective.

Appendix 2

New publications

Corporate Plan 2005-06
Annual Report 2004-05
Land Tax Information booklet 2006
Land Tax Strata Unit Owners brochure 2006
FOI Statement of Affairs
NSW Pay-roll tax Seminar Notes
NSW State Taxes Seminar Notes
Code of Conduct Booklet
PPS Newsletter
OSR Connect
FHOGS Newsletter

Factsheets

First Home Benefits
Motor Vehicle Registration Duty
Investigations
Land Rich Disposal Duty
Petroleum Products Subsidy Scheme in NSW
Insurance Duty
NSW Duties Rates
NSW State Taxes and your Business
Stamping and Marking Documents before lodging at Department of Lands
EDR (Electronic Duties Returns)
Unclaimed Money

- Information for claimants
- Information for enterprises
- Information for super funds

Land Tax

- 2005
- 2006
- 2006 Crown or Council Leases
- 2006 Primary Production Land
- Deduction to Prevent Double Taxation
- Information for Unit Holders in Unit Trusts

NSW Pay-roll tax

- Contractors and Employment Agents
- Information for Employers
- Payments to Contractors
- Exemptions

Revenue Rulings

Land tax

- LT 076 - Exemption - land used and occupied primarily for a boarding house - 2006 tax year
- LT 077 - Exemption - land used and occupied primarily for low cost accommodation - 2006 tax year.

Pay-roll tax

- PT 66 - Average Weekly Wage Rate for the Determination of Pay-roll Tax Liability for Trust Distributions Using the Market Rate Wage for 2006-07. (Section 3AC *Pay-roll Tax Act 1971*)

Appendix 3

Committees

Audit Committee

The Audit Committee meets bi-monthly to oversee the activities of both internal and external audit. It is a fundamental part of OSR's corporate governance structure. The chair of the Committee is Mr Peter Lucas. The other members have key financial and executive functions within OSR.

The number of meetings attended is shown in brackets.

Members: Peter Lucas [3] (Independent Chair), Peter Achterstraat [5], Tony Newbury# [4], Dianne Barden [5], Geoff Underhill* [3] Nikki Kempson # [2] R Gillam ^ [2] Auditor- General's observer

representatives: Phil Thomas [6], Peter Barnes [3], Aaron Green [1]
Ms Kempson replaced Mr Newbury for two meetings.

* Mr Underhill (OSR's internal auditor) ceased to be a member of the Committee from December, but attends meetings as an observer.

^ Mr Gillam was appointed a new member, as the Senior Officer representative.

Corporate Management Committee

Is a leadership forum that discusses key operational and strategic issues. Alignment to the corporate plan is monitored, as are key performance indicators, enterprise risks and major programs to ensure corporate objectives are achieved. OSR financial and revenue performance are also reported on in this forum. The committee includes Directors and Senior Management.

Members: Peter Achterstraat, Nancy Arya, Pravesh Babhoota (to Mar 06), Dianne Barden, Therese Briggs, Mark Buttner, Angela Collins (from Feb 06), George Dragoi, Gregory Frearson, Suzette Gay, Robert Gillam, Matthew Hay, Steve Horrocks (from Dec 05), Peter Johnson, Nikki Kempson, Mike Kennedy (to Oct 05), Gillian Lewis, Gail Luxford (to Nov 05), Michael Maclean, John Macleay (from Apr 06), John Maker, Phil McGovern, Kristian Mead (to Dec 05), Bob Mielnik, Mick Mioduszewski (from Feb 06), Tony Newbury, Ian Phillips, Brian Robertson, Mick Roelandts, Sandra Rothwell, Prakash Sakya (from Apr 06), Yogi Savania (from Sep 05), Rachel Sieff, Ernil Sipp, Bob Smith, Geoff Underhill, Alan Watkins, Ralph Wilkinson, Richard Wilson and Ted Withers (to Feb 06).





Directors' Committee

Meets fortnightly to review operational and strategic issues.

Members: Peter Achterstraat (convenor), Tony Newbury, Dianne Barden, Ted Withers (to Feb 06), Brian Robertson, Mike Kennedy (to Oct 05), Mick Mioduszewski (from Feb 06), Bob Smith and Suzette Gay.

OSR and NSW Land and Property Information Liaison Committees

A forum of regular meetings between representatives of both offices to discuss Land and Property Information (LPI) and Valuer-General service issues and ensure delivery of quality land data.

Members: Tony Newbury (OSR), Nikki Kempson (OSR), John Murray (OSR), Des Mooney (LPI), Phillip Western (LPI), Barry Douse (LPI), Simon Gilkes (LPI), John Miller (LPI), Brian Griffiths (LPI) and Carl Ginger (LPI).

Occupational Health and Safety Peak Committee

Monitors and oversees occupational health and safety issues within OSR.

Members: Pablo Simoes, Gary Rosevear and Janelle Fisher (Parramatta), Steve Corbett (Sydney), Sue Fitzgerald (Newcastle), Carol Sinden (Wollongong) (to Dec 05), Brian Carnegie (Wollongong) (from May 06), Amanda Kirkman (Maitland) and Kaylene Whichelo (Lithgow).

Information Management and Technology Steering Committee

Oversees information management and technology issues in OSR.

Provides corporate governance, guidance, support and strategic direction in relation to information management and technology.

Members: Peter Achterstraat (Chair), Mike Kennedy (to Oct 05), Mick Mioduszewski (from Feb 06), Pravesh Babhota (to Feb 06), Ted Withers (to Feb 06), Brian Robertson, Tony Newbury, Bob Mielnik, John Dearie (to Sept 05), Margaret Houston (to Aug 05), Mark Buttner (from Sept 05), Dianne Barden, Suzette Gay.

Treasury Consultative Committee

A forum for management, staff union representatives and the Public Service Association (PSA) to discuss and evaluate industrial issues and workplace change.

Members: Management representatives - Peter Achterstraat, Dianne Barden (OSR) and Rose Williams (OFM).

Staff union representatives - Garth Nolan and Lawrence Scutts (OSR), Richard Steven (OFM), Rachel O'Shea and Dylan Smith (PSA).

State Taxes Liaison Committee

Regular meetings with professional, industry and client groups to resolve technical and administrative issues and to consider proposals for legislative changes.

OSR Members: Bob Smith (convenor), Ian Phillips, Peter Achterstraat, Bob Gillam, Peter Johnson, Ted Withers (to Feb 06) and Rachel Sieff.

Client organisations represented: Australian Finance Conference, Australian Society of Certified Practising Accountants, Chartered Secretaries of Australia, Housing Industry Association, Institute of Chartered Accountants, Investment and Financial Services Association, Law Society of NSW, Real Estate Institute of NSW, State Council Inc and Small Business Combined Association, the Taxation Institute of Australia, the Property Council of NSW and the Urban Development Institute of Australia.

Appendix 4

Consultants

OSR engaged several consultants during the 2005-06 financial year at a total cost of \$109 975. Ergo Asia Pty Ltd was engaged for a Print and Mailhouse Strategy project at a cost of \$64 400. Other key consultancies entailed the engagement of professional advice on review of air conditioning and analysis of air quality.

Appendix 5 Freedom of Information (FOI) 2005-06

Freedom of Information requests						
	Personal		Other		Total	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
New (including transferred in)	62	25	53	38	115	63
Brought forward	0	0	0	0	0	0
Total to be processed	62	25	53	38	115	63
Completed	56	25	45	38	101	63
Transferred out	0	0	1	0	1	0
Withdrawn	1	0	0	0	1	0
Total processed	57	25	46	38	103	63
Unfinished (carried forward)	5	0	7	0	12	0

What happened to completed requests						
Results of FOI request	Personal		Other		Total	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
Granted in full	13	11	24	15	37	26
Granted in part	30	8	10	9	40	17
Refused	13	6	11	14	24	20
Deferred	0	0	0	0	0	0
Completed	56	25	45	38	101	63
Formal consultations	2005-06				2004-05	
Requests requiring formal consultation	8				0	

FOI requests granted in part or refused						
Basis of disallowing or restricting access	Personal		Other		Total	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
Sec 22 - deposit not paid	0	0	0	0	0	0
Sec 25 (1)(a) - exempt	33	14	14	23	47	37
Sec 25 (1)(a1) - unreasonable diversion of resources	0	0	2	0	2	0
Sec 25 - otherwise available	6	0	0	0	6	0
Sec 25 - documents > 5 years	0	0	0	0	0	0
Sec 24 - deemed refused >21 days	0	0	0	0	0	0
Totals	39	14	16	23	55	37

Note: An additional 4 personal applications and 5 non-personal applications were refused because the documents requested did not exist.

Costs and fees of requests processed						
	Personal		Other		Total	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
	\$1860	\$690	\$1660	\$1140	\$3520	\$1830

Days to process						
Elapsed time	Personal		Other		Total	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
0-21 days	43	20	15	35	58	55
22-35 days	13	5	12	3	25	8
Over 35 days	0	0	18	0	18	0
Total	56	25	45	38	101	63

Processing time						
Processing hours	Personal		Other		Total	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
0-10 hours	55	0	45	0	100	0
11-20 hours	1	25	0	38	1	63
21-40 hours	0	0	0	0	0	0
Over 40 hours	0	0	0	0	0	0
Total	56	25	45	38	101	63

Reviews and appeals						
	Personal		Other		Total	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
Number of internal appeals finalised	0	3	4	0	4	3

Details of internal review results 2005-06						
	Personal		Other		Total	
	Upheld	Varied	Upheld	Varied	Upheld	Varied
Grounds on which review requested: Exempt matter	0	0	4	0	4	0

This FOI table includes figures for OSR and SDRO.

Appendix 6 Staffing

Performance Statement for SES officers level five and above

The Executive Director is accountable to the Secretary of Treasury for the overall performance of OSR. The SES performance agreement defines his accountabilities in relation to the achievement of OSR's corporate objectives and his own job-related performance criteria.

The following statement is provided in compliance with annual reporting legislation requiring publication of achievement statements for all SES officers, level five and above.

Name

Peter Achterstraat

Position and level

Executive Director

Chief Commissioner of State Revenue

Office of State Revenue NSW Treasury

SES Level 6

Annual package

\$279 527

Period of review

1 July 2005 - 30 June 2006

Statement of performance

During 2005-06, Peter led OSR in becoming one of the first NSW Government agencies to receive ISO 9001 certification for all their internal operational processes. The impetus to seek ISO certification was initiated by Peter, with all staff contributing to gain this international recognition for OSR.

OSR sought to make gains on its previous acquisition of the SDRO by integrating the two branches, being the Infringement Processing Bureau (based at Maitland) and the Fines Enforcement Branch (based at Lithgow). A review of the processes undertaken in both branches has streamlined fines processing into one seamless process, rather than segmenting it between the two branches. Whilst the two sites continue to exist, the completion of the integration has led to efficiencies and cost savings of \$60 000 per annum being achieved. These

savings are expected to grow over future years as the new structure enables OSR to introduce further process and systems efficiencies. As part of the SDRO integration, a uniform payments system was introduced that made it easier for clients to make payments and to reduce costs by an expected \$130 000 per annum.

OSR continued to focus on delivering further services to clients through electronic channels, which continues to be received positively. More than 75 per cent of all tax revenue is received electronically and over 99 per cent of clients using our online Pay-roll Tax Annual Reconciliation facility. The IPB and SDRO websites were also integrated to provide one point of information about fines for clients.

Peter continued his involvement as part of the group of Commissioners of Revenue Offices across Australia, to discuss and consider common issues and best practice in revenue administration. During the year Peter also continued his membership of the Australian Taxation and Revenue Offices Group (ATRO), a group comprised of senior staff from state revenue offices and the Australian Taxation Office, who come together to share information about compliance strategies and data matching.

OSR continues to be a leader in NSW public sector best practice in a number of areas. OSR appears in the top quartile of their profile group in relation to progress made on agency corporate services reform, a project being oversighted by the Department of Commerce. The project includes 68 other public sector agencies.

Peter has been able to maintain OSR's reputation as a reliable and professional agency which is continually enhancing the services it provides to clients whilst achieving efficiencies for the agency.



John Pierce
Secretary, NSW Treasury

Equal Employment Opportunity (EEO)

EEO Achievements

- Participation with a Group Training Company in a Traineeship program for Aboriginal and Torres Strait Islanders (ATSI). Hosting placements for seven Business Administration trainees has increased our ATSI employment level to 13 staff across OSR
- EEO Target Group representation for women increased to the highest level recorded, at 59 per cent of all staff.

EEO Strategies

- Consultation with EEO Target Group members to identify reasons for decreased representation in specific groups and development of strategies to increase representation of these groups in the workplace
- Established the EQuIP Online project to create a seamless, paperless performance management system
- Continuing promotion and support of the Spokeswomens' group
- Investigation of permanent appointment options and strategies for ATSI trainees.

Disability Achievements

- Continued support of return-to-work programs for individual staff recovering from illness or injury.

Disability Strategies

- Ongoing negotiations with dedicated service providers to develop work experience programs for people with acquired brain injuries
- Review of the OSR public website to ensure sight-impaired clients have appropriate accessibility options. This resulted in a site map re-design.

Representation of EEO target groups within levels - 2005-06 totals (staff, women & REER*)

Level	Staff	Staff	Staff	Women	Women	Women	REER*	REER*	REER*
	2005-06	2004-05	2003-04	2005-06	2004-05	2003-04	2005-06	2004-05	2003-04
	%	%	%	%	%	%	%	%	%
Below CO 1	0	0.1	0.3	0.0	0.0	0.2	0.0	0.0	0.1
CO 1 - Grade 1	2	3.0	2.3	1.6	2.3	1.6	0.3	0.4	0.3
Grade 1 - 2	15	18.9	13.9	10.0	12.5	9.0	3.1	3.8	3.5
Grade 3 - 5	41	40.0	40.0	28.9	27.3	28.9	9.5	9.3	8.3
Grade 6 - 9	30	27.1	31.9	15.4	13.4	14.3	8.1	7.2	8.3
Grade 10 - 12	10	8.8	9.8	2.5	2.1	2.8	2.0	1.8	1.5
Above Grade 12	2	1.7	1.8	0.2	0.3	0.2	0.1	0.1	0.1
Total	1	100	100	58.6	57.9	57.0	23	22.6	22.1
Total Staff Number	1,120	1371	973						

Note: Total Full-Time Equivalent staff as at 30 June 2006 was 1068.84. The total number of staff employed during the reporting period was 1120 (the figure includes staff who left OSR and is a snapshot of the maximum number of people employed over the financial year).

*REER: Racial, ethnic or ethno-religious minority formerly known as NESB (Non-English Speaking Background).

Representation of EEO target groups within levels - 2005-06 totals (ATSI* and PWD**)

Level	ATSI*	ATSI*	ATSI*	PWD**	PWD**	PWD**
	2005-06	2004-05	2003-04	2005-06	2004-05	2003-04
	%	%	%	%	%	%
Below CO 1	0.2	0.1	0.2	0.2	0.1	0.1
CO 1 - Grade 1	0.0	0.1	0.0	0.0	0.2	0.0
Grade 1 - 2	0.1	0.3	0.2	0.0	1.1	0.8
Grade 3 - 5	0.4	0.1	0.1	0.0	1.4	1.1
Grade 6 - 9	0.0	0.1	0.2	0.0	1.0	1.0
Grade 10 - 12	0.2	0.1	0.0	0.2	0.3	0.4
Above Grade 12	0.0	0.0	0.0	0.0	0.1	0.0
Total	0.8	0.9	0.7	0.8	4.2	3.4

* ATSI: At these levels, some women are from a REER* group.

** PWD: People with disability.

Staff by employment basis - 2005-06 totals (staff, women & REER*)

Level	Staff	Staff	Staff	Staff	Women	Women	Women	Women	REER*	REER*	REER*	REER*
	2005-06	2004-05	2003-04	2002-03	2005-06	2004-05	2003-04	2002-03	2005-06	2004-05	2003-04	2002-03
	%	%	%	%	%	%	%	%	%	%	%	%
Full time	86.8	88.3	89.7	91.8	46.7	47.3	47.7	41.4	21.6	21.2	20.5	34.0
Part time	13.0	11.5	10.3	7.9	11.8	10.4	9.3	6.5	1.3	1.4	1.6	3.0
Casual	0.2	0.2	0.0	0.0	0.1	0.2	0.0	0.0	0.2	0.0	0.0	0.0
Total	100.0	100	100	99.7	58.6	57.9	57.0	47.9	23.1	22.6	22.1	32.2

*REER: Racial, ethnic or ethno-religious minority formerly known as NESB (Non-English Speaking Background).

Staff by employment basis - 2005-06 totals (ATSI* and PWD**)

Level	ATSI*	ATSI*	ATSI*	ATSI*	PWD**	PWD**	PWD**	PWD**
	2005-06	2004-05	2003-04	2002-03	2005-06	2004-05	2003-04	2002-03
	%	%	%	%	%	%	%	%
Full time	0.7	0.7	0.6	1.0	5.0	3.9	3.2	4.9
Part time	0.1	0.1	0.1	0.1	0.3	0.4	0.2	0.4
Casual	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.8	0.9	0.7	1.1	5.3	4.3	3.4	5.3

* ATSI: At these levels, some women are from a REER* group.

** PWD: People with disability.

Ethnic Affairs Priority Statement (EAPS)

EAPS Achievements 2005-06

- Information brochures and education programs about the life cycle of fines and the enforcement process developed for indigenous communities.

EAPS Strategies 2006-07

- Ongoing support of staff who provide client services in community languages. Over 63 staff on the bilingual register represent 39 languages.
- Ongoing consultation and education programs with indigenous communities.
- Research and development of information for the OSR website in community languages, for clients to access interpreter services.

Recruitment over 3 years

Level	2005-06	2004-05	2003-04
Total Staff	1 120	1 371	973
Recruited in year	106	185	314
Aboriginal People	4	0	1
PWD**	9	5	10

Analysis of Staff by Classification *

Level	Male	Female	Total
SES	7	1	8
Senior Officer other than SES	10	1	11
Clerks	403	601	1 004
Clerical Officers	16	29	45
Clerical Assistants	0	0	0
Stenographers/Typists	0	0	0
Machine Operators	0	0	0
Departmental Professional Officers	28	23	51
Other	0	1	1
Total	464	656	1120

Representation of EEO Groups

EEO Group	Target	2005-06	2004-05	2003-04	2002-03
	%	%	%	%	%
Women	50.0	59.0	57.9	57	48
Aboriginal Torres Strait Islanders	2.0	1.1	0.9	0.7	1.1
People whose first language was not english	20.0	56.0	17.4	19	33
People with a disability	12.0	6.0	4.2	3	5
People with a disability requiring work place related adjustment	7.0	1.0	0.9	0.9	1

Distribution of EEO Groups

EEO Group	Benchmark	2005-06	2004-05	2003-04	2002-03
Women	100	89	86	88	91
Aboriginal Torres Strait Islanders	100	n/a	n/a	n/a	n/a
People whose first language was not english	100	100	98	101	95
People with a disability	100	91	93	96	91
People with a disability requiring work place related adjustment	100	n/a	n/a	n/a	n/a

Senior Executive Service profile

Level	1	2	3	4	5	6	Total
Total	2	0	4	1	0	1	8

** PWD: People with disability.

Note: Staff numbers are as at 30 June 2006. This excludes casual staff. A Distribution Index of 100 indicates that the centre of the 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 that 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 Employment Opportunity and Public Employment. The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20.



Appendix 7

Ministerial representations received

Ministerial hotline		
	2005-06	2004-05
Taxes and grants	176	126
Enforcement order processing	640	625
Penalty notice processing	1130	1561
Total	1946	2312
Ministerial representations received		
	2005-06	2004-05
Land tax	1013	1842
Premium property tax	0	2
Duties	330	238
Pay-roll tax	41	34
First Home Owner Grant Scheme	75	53
First Home Plus	13	46
Unclaimed money	5	6
Parking space levy	3	3
Fine enforcement	560	1053
Infringement processing	2111	2977
Other	10	0
Total	4161	6254
Ombudsman's requests	6	6

Appendix 8

Internal audit

A number of financial and information systems audits were conducted to ensure the adequacy of controls over processes. Recommendations were made and acted upon, in circumstances where systems could be improved. Implementation of agreed recommendations are regularly monitored by the Audit Committee.

Compliance audits

- Notes to the certified financial statements - examined the completeness of certain notes to ensure they complied with the relevant legislation.
- Content of Annual Report - reviewed the prescribed content of this report to ensure it is in accordance with the

Annual Reports (Departments) Act 1985 and regulation and financial information was consistent with the certified financial statements.

Fraud prevention strategy

The Deputy Director of Audit & Review Support is the designated owner of the fraud prevention strategy. The following activities were undertaken during the year:

- Revised the Code of Conduct. Refer to Appendix 14
- Assisted divisions to undertake fraud risk analyses
- Awareness sessions on Code of Conduct and major policies held for management and staff
- Participated in various new starter induction and orientation induction programs
- Updated a number of key administrative policies

- Evaluated and recommended use of an investigations manual package across the Office
- Conducted investigations into possible breaches of the Code of Conduct and other policies.

Appendix 9

Statement of internal control responsibility

Our management and financial systems are underpinned by sound internal controls which are built into key processes that have been accredited under quality standard ISO 9001:2000.

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

Our Audit Committee oversees the activities of the Office's internal audit and issues from external auditors.

The committee regularly monitors the implementation of recommendations from the auditors' reports.

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

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



Peter Achterstraat



Appendix 10

Major fixed assets additions summary (over \$5 000)

As at 30 June 2006	2005-06	2004-05
Hardware	\$'000	\$'000
Personal computers and laptops		
Other computer hardware	1 867	2 472
Total	1 867	2 472
Software	1 335	16 586
Equipment	239	300
Furniture	58	6 204
Total Major Additions:	3 500	25 562

Appendix 11

Accounts payable performance report

Schedule of accounts paid on time - actual

	30-09-05	31-12-05	31-03-06	30-06-06	Target
Percentage of accounts paid on time	97.77	96.85	95.81	97.69	98.5
Total value of accounts paid on time	\$19.5m	\$20.1m	\$9.3m	\$19.8m	
Total value of accounts paid	\$20.6m	\$20.6m	\$9.7m	\$20.3m	
Percentage value of accounts paid on time	94.86	97.35	95.67	97.50	

Accounts Payable Performance

Amounts payable on	30-09-05	31-12-05	31-03-06	30-06-06
Current within due date	141 186	79 720	98 449	13 071
Less than 30 days overdue	-	-	-	-
Between 30 and 60 days overdue	-	-	-	-
Between 60 and 90 days overdue	-	-	-	-
Over 90 days overdue	-	-	-	-
Total	141 186	79 720	98 449	13 071

Appendix 12

Overseas travel

The Commissioner of State Revenue, Bob Smith, travelled to Apia, Samoa to attend the Second Annual Conference of the Pacific Islands Tax Administrators held from 9 to 11 August 2005.

He presented a paper on NSW Compliance Strategies. The conference was attended by 13 of the 15 member countries and focussed on sharing initiatives to improve voluntary compliance. The travel and accommodation costs were fully funded by AusAID.

Appendix 13

Risk management

To enhance the integrated risk management process, OSR conducted a review of its risk policy, risk management framework and other key components of risk process, compared with best practice.

Other significant risk management activities included:

- quarterly review of OSR Corporate Risks by Directorate
- implementation of recommendations from the review
- integration of risk management into corporate and divisional planning process
- risk assessment workshops conducted for all major projects, as part of the project management framework.

Insurance

Our assets and major risks including building contents, computer equipment, motor vehicles, workers' compensation and public liability are covered by insurance, the amount of which 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.

Appendix 14

Code of Conduct

In line with OSR's fraud prevention strategy, the OSR Code of Conduct has been reviewed and significantly changed. The revised Code of Conduct is as follows:

Purpose

OSR's Code of Conduct has been developed to help you:

- understand expected standards of conduct and behaviour, and
- decide how to deal with ethical problems you may encounter as an OSR employee.

The Code of Conduct has three underlying principles:

- the general public has a right to expect the highest integrity and competence from staff
- the government is entitled to impartial and accurate advice, and prompt implementation of policy, and
- all staff have rights and obligations as employees.

OSR's corporate values support these principles and guide us in the way we conduct our business.

To help staff understand and perform to these standards, management must supply:

- resources
- training
- leadership, and
- access to relevant policies.

OSR staff must always act in accordance with these standards and advise management when they are breached.

Relevant legislation

As an employee of OSR, you should be aware that as a public servant and a *delegate* of either the Chief Commissioner of State Revenue or the Director, State Debt Recovery Office, your actions must comply with the provisions of the legislation we administer. Details of the legislation are set out on both our *internet* and *intranet* sites.

1 Personal and professional behaviour

What is expected of me?

You must always:

- do your work conscientiously, honestly and fairly and keep up to date with advances in your area of responsibility
- be honest, reasonable, fair and sensitive in your dealings with members of the public and other staff
- give accurate and impartial advice to the government and implement its policies conscientiously
- follow relevant legislative, industrial and administrative requirements
- adhere to Equal Employment Opportunity principles and the *Ethnic Affairs Priorities Statement*, and
- adhere to OSR values.

Duties that conflict with your personal views or beliefs

As an employee of OSR, you must always follow directions and requests given by authorised staff.

We understand that there may be times when you conscientiously object to a particular course of action. When this occurs, you should discuss the matter with your supervisor or a senior officer in your division.

Managers' code of behaviour

The behaviour of OSR's managers must contribute to a productive and harmonious environment in the Office. OSR expects its managers to respect the dignity of other staff members by treating them with honesty and courtesy, and to respect their rights.

In particular, managers must:

- inform staff of standards of conduct in the workplace
- provide a work environment supportive of flexible work practices and adaptable to staff needs both in and outside the workplace
- ensure equal access to training and development for all staff
- acknowledge team and individual success by recognising and rewarding achievement

- maintain and develop employees' knowledge of OSR, its purpose and corporate plan
- develop comprehensive and realistic goal agreements with staff, monitoring progress against agreements and ensuring that performance problems are highlighted and dealt with
- always behave in ways consistent with OSR's corporate values
- encourage and value innovation by supporting and participating in OSR's commitment to continuous improvement
- foster a learning ethic within their area of responsibility by learning from projects, offering development to staff and actively planning their own development
- not bully, harass or discriminate against other staff on the grounds of sex, race, disability or any other ground upon which discrimination is prohibited in the relevant legislation
- understand and apply EEO principles
- ensure that personal information of clients and staff is protected
- comply with all relevant legislation and industrial policy or administrative requirements of OSR
- promote and encourage staff to exercise similar qualities of personal and professional behaviour to those outlined above, and
- in the case of SES officers, their attention is drawn to a service-wide Code of Conduct and Ethics specifically for the Senior Executive Service, the contents of which they should be fully conversant.

What is OSR's attitude towards bullying, harassment and discrimination?

Bullying, harassment or discrimination will not be tolerated under any circumstances.

The NSW *Anti Discrimination Act 1977* prohibits harassment of a person on the grounds of sex (including pregnancy), race, age, marital status, disability, homosexuality, transgender or carer's responsibilities.

'Harassment' is defined as unwelcome or unreciprocated behaviour that makes a person feel offended, intimidated, belittled or apprehensive in the workplace. Refer to Human Resources policy *HR18 Dignity and Respect in the Workplace* for more information.

2 Guide to ethical decision making

Five questions you should consider when making decisions:

- 1 Is the decision or conduct lawful?
- 2 Is the decision or conduct consistent with government policy, revenue rulings and business rules, and in line with OSR's corporate objectives and Code of Conduct?
- 3 What will the outcome be for me, my work colleagues, OSR and other parties?
- 4 Do these outcomes raise a conflict of interest or lead to private gain at public expense? (refer to sections 3 and 4 of this Code)
- 5 Can the decision or conduct be justified in terms of the public interest and would it withstand public scrutiny?

You may find it useful to refer to or consider the above points, either by yourself or in consultation with others such as your peers, supervisor or manager. By doing this you will help foster a climate of ethical awareness, conduct and decision-making in OSR and the Public Service generally.

You must make all work-related decisions consistently, fairly and without any type of unlawful discrimination. All decisions should be made as quickly as possible.

3 Conflicts of interest

How can I avoid a conflict of interest?

You must ensure that your interests, or those of people close to you, do not conflict with the proper performance of your job, be it a tax or fines matter. A conflict of interest would exist when:

- you have a personal interest that could influence the way you do your OSR work, and/or
- you have a personal interest that could lead a reasonable person to think that you could be influenced in the way you do your OSR work, and/or
- a family member, relative, friend, associate or anybody else close to you has an interest that could influence, or could lead a reasonable person to think that it could influence the way you do your OSR work.

When you think there could be a conflict of interest, you should discuss this with your supervisor or manager. You may have to disclose the facts in writing.

Refer to the administrative policy *ADM061 Conflicts of Interest* for more information.

Conducting business as an OSR client

If you find yourself as a client of OSR, which might be as a land tax client, receiving an infringement notice for a traffic matter or applying for a First Home Owners Grant, you cannot expect to receive preferential treatment compared to other clients of OSR. You should conduct your business in the same manner as the general public.

4 Gifts and benefits

Can I accept gifts or benefits?

Gifts of cash cannot be accepted under any circumstances. You must never demand or request any gift or benefit for yourself or anyone else in connection with your work.

You should not accept any gift or benefit if the person offering the gift might expect the gift to influence the way you do your job.

You can accept token gifts and benefits if they are unlikely to be seen as compromising (for example chocolates, diaries, key rings, coffee mugs or modest refreshments). Token gifts do not have a significant monetary value and are inconsequential or trivial. If you are not sure if a gift is a token, discuss the matter with your supervisor.

You need the permission of your supervisor or manager before accepting any gift or benefit that is more than a token. Details of such gifts need to be recorded in your divisional register of gifts and benefits.

Frequent flyer points or other bonuses associated with official travel and accommodation paid from NSW government sources cannot be sought or retained.

Refer to the administrative policy *ADM062 Gifts and Benefits* for further information.

5 Public comment

Do I have the right to make public comment?

You cannot make public comments on behalf of OSR without approval from your Director.



Outside your work, you have a right to comment publicly on political and social issues, provided you make clear you are not making an official comment on behalf of the NSW Public Service and that you are only commenting as an independent citizen. Your attention is drawn to the disclosure provisions relating to information of either tax, fines or personal information which are set out in sections six and 14 of this Code.

Can I accept speaking engagements?

Provided you have the relevant approval, you may accept speaking engagements with professional, educational and community groups relating to OSR activities.

When a speaking engagement forms part of a commercial undertaking (that is, participants pay to attend), there may be a need to negotiate a fee. This should be discussed with your supervisor.

All speaking engagements should have a public sector orientation or relate to OSR's corporate objectives.

Any fees received for speaking or public engagements must be paid into an appropriate OSR account.

Speaking fees cannot be retained by individual staff members. A non-cash benefit should be treated as a gift or benefit (refer to section 4 of this Code).

Refer to the administrative policy *ADM139 Speaking and Attendance at Commercial Conferences and Seminars* for further information.

6 Official information

How should I handle official information?

You signed a confidentiality declaration when you started in OSR. The declaration legally binds you to the secrecy provisions of the *Taxation Administration Act 1996*, the disclosures provisions of the *Fines Act 1996* and other legislation administered by OSR. All information obtained during your work at OSR is confidential unless officially designated otherwise.

You may only disclose taxpayer, fines and other confidential information if permitted by law and you have the authority to do so.

You may not use confidential information for any unofficial purpose outside OSR. As stated in OSR's Information Security Policy, you can only access confidential information as part of your duties.

Examples of unauthorised access include:

- using the computer to look up your own tax records or fines history, or that of your family or friends
- browsing through any OSR database for personal details of your fellow workers
- making searches, for private purposes, of other public sector agencies' computer databases which are available to OSR, for example, the Roads & Traffic Authority's and land information databases.

You may not disclose personal information of clients or staff, eg phone numbers and addresses.

For more information refer to the administrative policies *ADM112 Use of Official Information*, *ADM065 Information and Security*, *ADM107 Privacy and Personal Information*

7 Political participation

Can I be a member of a political party?

You can belong to a political party or participate in a political activity, but you need to be sensitive to potential conflicts of interest with the duties of your position in OSR.

If you are aware of a potential conflict, immediately inform your supervisor or a senior manager in your division.

8 Secondary employment and business

Can I engage in outside employment?

You may engage in paid employment or business activities (either as an employee, principal or business owner) outside OSR if you meet certain conditions and have approval to do so.

You must obtain approval to take a second job, undertake a business activity or significantly vary an existing approval by writing to the Director, Management Services.

Your application will then be provided to your divisional director for consideration.

Your application will generally be approved if the work:

- does not arise from or interfere with your work at OSR
- will not cause a conflict of interest with your official duties
- will be done outside working hours, and
- will not involve information obtained from OSR.

Refer to the administrative policy *ADM032 Secondary Employment and Business* for further information.

9 Security

What can I do to protect OSR's security?

You must display your staff identification card at all times while on duty. If you misplace your ID pass, report it immediately to your supervisor so Site Services can cancel your pass.

This is vitally important as the pass not only identifies you but is also your physical 'front door key' to the building.

You must observe computer security and other relevant security requirements.

Remember your secret password is your electronic 'front door key'. You will be held responsible for all actions logged against your USERID.

Refer to the administrative policies *ADM056 Security Issues*, *ADM065 Information and Security* for further information.

10 Use of official facilities and equipment

Can I use OSR property?

You must use OSR property, facilities and equipment efficiently, economically and carefully.

Reasonable use of equipment (excluding motor vehicles) for private purposes is generally permitted if:

- it does not conflict with your work or the work commitments of other employees
- it does not involve significant cost to OSR
- the activity is done in your own time
- you do not benefit financially
- there is no commercial interest to you or any other person, and

- permission is gained prior to taking office equipment offsite.

Refer to the following administrative or ISD policies for more information:

ADM 055 Policy and Procedures for Use of Motor Vehicles
ADM 065 Information and Security
ADM 091 Telephone Communication Policy & Procedures
ISD 003 Internet Policy
ISD 004 Email Policy
ISD 007 Computer System Usage Policy

11 Post separation employment What should I do if I leave OSR?

If you leave OSR, you should not accept employment or engage in activities that will cast doubt on your integrity. You should also consider the integrity of OSR and the Public Service generally.

This includes the improper use of official or personal information gained as a result of your employment with OSR.

12 Corrupt and unethical conduct What should I do if I become aware of corrupt conduct?

You must report any potentially corrupt or unethical conduct you become aware of. You do not need proof of corrupt or unethical conduct, you need only to have reasonable grounds to suspect this is occurring. Depending upon the circumstances, you should report possible corrupt or unethical conduct to:

- your supervisor or manager
- your Director
- the Executive Director
- the Deputy Director, Audit & Review Support, or
- the Independent Commission Against Corruption (telephone 9318 5999).

Anyone receiving a report of suspected corrupt or unethical conduct must refer the matter to the Deputy Director, Audit & Review Support.

Staff who report possible corrupt or unethical conduct will not be disadvantaged in any way because of their reporting.

Refer to administrative policy *ADM042 Anti-Corruption Policy* for further information including internal and external reporting arrangements.

13 Protected disclosures What protection do I have if I report corrupt conduct?

The *Protected Disclosures Act 1994* gives you certain protections if you make a disclosure which concerns:

- corrupt conduct as defined in the *Independent Commission Against Corruption Act 1988*
- maladministration, or
- a serious or substantial waste of public money.

If you make a lawful disclosure, you will be protected from liability for defamation and from breach of secrecy or confidentiality.

Reprisal action against you is an offence under the *Protected Disclosures Act 1994* and a possible breach of discipline under the *Public Sector Employment & Management Act*.

You can only make disclosures under certain specific circumstances stated in the legislation.

Refer to the administrative policy *ADM075 Protected Disclosures* for more information.

14 Privacy and personal information

How is personal information collected by OSR protected?

Personal information provided to or collected by OSR is regulated by the *Privacy and Personal Information Protection Act 1998*.

The legislation provides a framework of privacy rules (Information Protection Principles) for the management of personal information collected by NSW public sector agencies.

The Principles set out OSR's obligations for:

- the collection of personal information

- the retention and security of personal information
- access to and security of personal information
- checking the accuracy of personal information before using it and using it only for purposes relevant to OSR's functions, and
- disclosure of personal information.

If a person considers their right to privacy has been breached, they can seek an internal review to investigate the matter.

Refer to administrative policy *ADM107 Privacy and Personal Information* for more information.

15 Breaches of the Code What happens if I breach the Code of Conduct?

Breaches of the Code of Conduct will not be tolerated. The range of actions that can be taken to deal with breaches include disciplinary proceedings under the *Public Sector Employment & Management Act 2002*.

In serious cases, referral to external agencies such as ICAC and the police may also be considered.

16 More information Where can I find more information about my rights and obligations as an employee of OSR?

OSR's administrative policy circulars provide detailed information on standards of conduct and relevant policies can be found on OSR's intranet. If you require more information, see your supervisor or the Manager, Employee Services Branch or the Audit & Review Support Group. Your confidentiality is assured at all times.

An electronic version of the Code of Conduct with links to relevant policies is available on both internet and intranet sites.

Index

A

Accounts payable performance	57
Achievements	3
Action program	18
Administrative Decisions Tribunal	16, 49
Appendices	47-61
Audits	
and Investigations	7
and reviews	7
Committee	50
Compliance	56
Governance	3
Internal	56

B

Benchmarking	3, 14
Business Process Improvement	7

C

Change management	17
Client	
education	7, 8, 10, 16
service index	3, 4
Services	6, 7, 18, 54
Client Service Providers	13, 14, 15
Code of Conduct	50, 56, 58-61
Committees	3, 14, 17, 18, 50, 51, 56
Compliance	2, 8, 9, 11, 14, 18, 53, 57
activities	3, 10, 12
audits	56
Division	6, 7, 14
programs	10
Consultants	51
Contracts and conveyances duty	9

Corporate

achievements	3
plan for 2006-07	18
key performance indicators	4
objectives	2, 18, 50, 53
structure	6
Credit card certification	56

D

Debt	4
land tax	11
pay-roll tax	11
overdue	4, 11
outstanding	7, 11
Directors' committee	51
Directory	64
Disability	54, 55, 58
achievement	53
strategies	53
Duties	2, 3, 9, 11, 13, 15, 16, 18, 48, 49, 50, 56

E

Electronic	
lodgement	15
land tax valuation and	
clearance certificate	13
pay-roll tax annual returns	15
searching	15
service delivery	4, 13
Electronic duties returns	15, 50
Employee assistance	17
Energy Management Policy	14
Equal Employment	
Opportunity	7, 17, 53, 55, 58

Excellence in Quality and Performance (EQuIP)

Ethnic Affairs	17, 53
Policy	7
Priority Statement (EAPS)	54, 58
Executive Director's Message	8

F

Fare evasion audit	11
Federal tax equivalents	2, 9
Financial Statements	5, 19-46, 56
Fine enforcement	10, 11, 14, 16, 56
Fines	2, 9
First Home Owner	
Grant Scheme	2, 7, 10, 11, 12, 16, 48, 49, 56
First Home Benefits	12, 50
First Home Plus	2, 7, 10, 12, 48, 56
Fraud prevention strategy	56, 58
Freedom of Information	16, 50, 52
Fuel efficiency	14

G

Gaming and racing	2, 9, 10, 11
Grants and subsidies	10

H

Hardship Review Board	11
Health Insurance Levy	2, 9
Hiring arrangements duty	9

I

Imaging	13
Information	
management	3, 13, 51
Services	6, 7, 18





Infringement processing	4, 10, 56
Bureau	2, 3, 4, 9, 13, 16, 53
Fine enforcement	10
Internal audit	50, 56
Insurance policies duty	9
Insurance protection tax	2, 9, 48
ISO 9001 certification	3, 7, 8, 13, 53, 56

K

Key performance indicators	4, 50
----------------------------	-------

L

Land tax	2, 9, 10, 11, 13, 16, 48, 49, 50, 56, 59
clearance certificates	38
Land and Property Information	10, 51
Learning and development	7, 17
Leases duty	9
Legislation administered	1, 60
Legislative	58
changes	48, 51
reviews	49
Letter of submission	5

M

Management Services	6, 7, 60
Maximise compliance	2, 9
Maximise effectiveness and efficiency	2, 13
Maximise organisational and staff capability	2, 17
Maximise stakeholder satisfaction	2, 13, 15
Ministerial representations	56
Mission	2
Mortgages	9, 15, 48
Motor vehicle registrations	9, 50

N

New business integration	14
--------------------------	----

O

Objections and reviews	16
Occupational Health & Safety	17, 51
Office of Financial Management	2, 5, 51
Operations Division	6, 7, 18
Organisational	
capability	17
change	18
functions	7
structure	6
Outstanding fines	2, 11
Overseas travel	57

P

Parking space levy	2, 9, 10, 16, 17
Pay-roll tax	2, 3, 9, 10, 15, 16, 48, 49, 50, 53, 56
annual return	15
debt	11
Penalty notices	10, 11
People 2009	18
Petroleum Products Subsidy	
Act	1, 48, 49
Scheme	2, 7, 12, 50
Premium Property	
Tax Act	1
Tax	56
Privacy	16, 61
Publications	7, 50

R

Research and development	54
Revenue	
Advisory Services Division	6, 7
collected	2, 4, 9
rulings	7, 50, 59
Risk management	3, 10, 56, 57

S

Seminars	16
Senior Executive Service	55, 58
performance statement	53
Shares transfer duty	9
Service delivery	16
Stamp duty	9
Staff numbers	7, 54
State Debt Recovery Office	2, 6, 7, 14, 58, 64
Statement of internal control	56
Sydney office	16, 64

T

Taxpayers defaulting	7
Technology improvements	13
Treasurer	5, 6, 7, 48, 56
Treasury	2, 5, 6, 11, 51, 53, 56
Treasury letter	5

U

Undaimed money	1, 2, 3, 7, 9, 12, 15, 50, 56
----------------	-------------------------------

V

Values	2, 8, 58
Vendor duty	9, 48
Vision	2, 8, 18

W

Website	3, 4, 8, 13, 15, 16, 49, 53, 54, 64
Waste reduction	14
Write-offs	11



Directory

Office locations

Parramatta (Head office)

Lang Centre, corner Hunter and Marsden Streets, Parramatta
Phone: (02) 9689 6200 (switchboard)
Fax: (02) 9689 6464
Post: GPO Box 4042 Sydney NSW 2001
DX: 456 Sydney
Phone enquiries 8.30am - 5.00pm
Counter services: 8.30am - 4.30pm

State Debt Recovery Office (Lithgow)

Phone: 1300 655 805
Post: PO Box A2571, Sydney South NSW 1235
Phone enquiries: 8.00am - 5.30pm, Monday to Friday
9.00am - 12.30pm, Saturday

State Debt Recovery Office (Maitland)

Phone: 1300 138 118
Post: PO Box 999, Hunter Region Mail Centre NSW 2310
Phone enquiries: 8.30am - 5.00pm, Monday to Friday

Sydney

Level 3, 55 Hunter Street, Sydney (counter services only)
Phone: (02) 9689 6200
Fax: (02) 9689 6886
Phone enquiries 8.30am - 5.00pm
Counter services: 8.30am - 4.30pm

Newcastle

Level 2, 97 Scott Street, Newcastle
Phone: (02) 4925 5333 or 1800 641 979
Fax: (02) 4925 5300
Post: PO Box 511, Newcastle NSW 2300
DX: 7860 Newcastle
Phone enquiries 8.30am - 5.00pm
Counter services: 8.30am - 4.30pm

Wollongong

Level 6, 90 Crown Street, Wollongong
Phone: (02) 4253 1000
Fax: (02) 4253 1066
Post: PO Box 666, Wollongong East NSW 2520
DX: 5245 Wollongong
Phone enquiries 8.30am - 5.00pm
Counter services: 8.30am - 4.30pm

OSR website: www.osr.nsw.gov.au
SDRO website: www.sdronsw.gov.au

Interstate clients please call (02) 9689 6200.

Thanks to:

Project team

Nancy Arya, Mohan Ayyar,
Dianne Barden, Vivienne Carter,
Peter Cripps, Suzette Gay,
Matt Hay, Jin Huang, Kelly Koutzas,
Natasha Makoter, Paul Mumford,
Treena O'Connell, Jim Ormiston,
Lyn Reilly, Peter Rolfe,
Steve Sharman, Matt Smith,
Nicole Vernon and Alan Watkins.

Project coordinator and editor

Louise Burlinson

Designer

Steve George

Printed by

Liverpool Printing Service Pty Ltd

Printing cost

\$6630

This annual report is also available in pdf format at www.osr.nsw.gov.au

Notes



New South Wales
TREASURY

