

Office of Finance and Services  
**Annual Report 2014/15**



Finance  
& Services

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### **Author**

Office of Finance and Services

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Minister for Finance, Services and Property  
GPO Box 5341  
SYDNEY NSW 2000

The Hon. Victor Dominello, MP  
Minister for Innovation and Better Regulation  
GPO Box 5341  
SYDNEY NSW 2000

Dear Ministers

**Office of Finance and Services Annual Report 2014/15**

I am pleased to submit the annual report for the NSW Office of Finance and Services for the year ended 30 June 2015, for presentation to Parliament.

This report has been prepared in accordance with the *Annual Report (Departments) Act 1985*, the *Public Finance and Audit Act 1983* and regulations under those Acts.

The report also includes reports for the:

- NSW Procurement Board
- Waste Assets Management Corporation
- Office of the Valuer-General
- Surveyor-General
- Registrar-General
- Geographical Names Board of NSW

Yours sincerely

**Martin Hoffman**  
Secretary, Department of Finance, Services and Innovation

29/10/15.

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# Part One

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## About this report

This report covers the Office of Finance and Services (OFS) and cluster agencies as at 30 June 2015.

Included in this report, under the section titled 'Office of Finance and Services related entities reports and other reporting requirements' are annual and other reports for the:

- NSW Procurement Board
- Waste Assets Management Corporation
- Office of the Valuer General
- Surveyor General
- Registrar General
- Geographical Names Board of NSW

The annual report is available at <https://www.finance.nsw.gov.au/publication-and-resources/annual-reports> and [www.opengov.nsw.gov.au/about](http://www.opengov.nsw.gov.au/about).

The following business areas produce their own annual reports:

- Board of Surveying and Spatial Information (BOSSI) available at [www.bossi.nsw.gov.au/publications/annual\\_reports\\_plans](http://www.bossi.nsw.gov.au/publications/annual_reports_plans)
- Government Property NSW available at [www.property.nsw.gov.au](http://www.property.nsw.gov.au)
- NSW Government Telecommunications (Telco) Authority available at <http://telco.nsw.gov.au/>
- State Records Authority available at [www.records.nsw.gov.au/publications/annual-report/annual-report](http://www.records.nsw.gov.au/publications/annual-report/annual-report)
- Teacher Housing Authority available at [www.tha.nsw.gov.au/about/annualreport.cfm](http://www.tha.nsw.gov.au/about/annualreport.cfm)
- Safety Return to Work and Support available at <http://www.workcover.nsw.gov.au/formspublications/publications/Pages/workcoverannualreports.aspx>
- NSW Self Insurance Corporation (SICorp) available at <https://riskinsite.nsw.gov.au/portal/server.pt/community/Publications/272>

# 1. Secretary's message

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The 2014/15 Office of Finance and Services (OFS) annual report sets out our achievements as a policy leader, service provider and regulator.

It is the last report we make as the Office of Finance and Services. On 1 July 2015, OFS became the Department of Finance, Services and Innovation (DFSI). I took up my role as Secretary of DFSI on 3 August 2015.

In a year of significant government reform and organisational change, OFS staff showed their usual commitment and steadiness as they delivered our services to government, business and the community. I thank them for their hard work and for so capably applying their skills to the business of government and the wide-ranging demands of our portfolio.

DFSI has a vital role to play in the Government's reform and innovation agenda and we are already working hard to deliver these priorities.

A handwritten signature in blue ink, appearing to read 'Martin Hoffman', with a long, sweeping horizontal stroke extending to the right.

**Martin Hoffman**  
**Secretary**  
**Department of Finance, Services and Innovation**

## 2. About the Office of Finance and Services

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### 2.1 Who we are

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The Office of Finance and Services is a service provider, regulator and central agency of government. It is responsible for supporting sustainable government finances, major public works and maintenance programs, government procurement, information and communications technology, corporate and shared services, consumer protection, administration of State taxation and revenue collection, NSW land and property administration services.

OFS also supported the Minister for Finance and Services to act as a shareholder in public energy utilities and the superannuation portfolio.

#### Changes during the year

On 2 April 2015 pursuant to Administrative Arrangements (Administrative Changes—Ministers) Order 2015 the Minister for Finance and Services became the Minister for Finance, Services and Property. Also effective from 2 April 2015, the Fair Trading portfolio ceased to be a separate portfolio and is now included in the portfolio of the Minister for Innovation and Better Regulation.

#### Our divisions

At 30 June 2015, OFS comprised 10 administrative divisions:

- Government Services
- Land and Property Information
- NSW Fair Trading
- NSW Public Works
- Office of State Revenue
- Property and Housing Group
- Safety, Return to Work and Support
- Service Innovation and Strategy
- Corporate Services
- Office of the Chief Executive.

#### Our related entities

The following related entities exist outside the principal office's administrative body, and are established pursuant to legislation.

##### **Finance, Services and Property portfolio**

- Board of Surveying and Spatial Information (BOSSI)
- Geographical Names Board of New South Wales
- Government Property NSW
- NSW Architects Registration Board
- New South Wales Government Telecommunications Authority (Telco)

- New South Wales Procurement Board
- NSW Self Insurance Corporation (SICorp)
- State Records Authority of New South Wales
- Teacher Housing Authority of New South Wales
- Waste Assets Management Corporation.

#### **Innovation and Better Regulation portfolio**

- Fair Trading Administration Corporation
- Motor Vehicle Repair Industry Authority (abolished from 1 December 2014)
- Rental Bond Board.

#### Changes outside the reporting period

The Administrative Arrangements (*Administrative Changes – Public Service Agencies*) Order 2015 dated 2 April 2015 changed the name of the Office of Finance and Services (OFS) to the Department of Finance, Services and Innovation, effective 1 July 2015.

## 2.2 What we do

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**Government Services** Division provides services to NSW Government departments in the areas of procurement, fleet, information technology, human resources and finance and business services.

The division supports and delivers whole of sector reforms in procurement, information and communication technology, telecommunications, corporate and shared services, records and archival management, and supports the NSW Procurement Board.

Government Services comprises NSW Procurement, ServiceFirst, the ServiceFirst Outsourcing Program (now known as the Shared Services Outsourcing Vendor Management Office), StateFleet and ICT Strategic Delivery. During 2015, services provided by ServiceFirst (other than workplace services) are being transitioned to two commercial providers, Unisys Australia Pty Limited and Infosys Limited, through the Vendor Management Office.

**Land and Property Information** administers a range of legislation that provides the framework for land titling and conveyancing, surveying, valuation, spatial information and related matters. By supporting the statutory functions of the Registrar General, Surveyor General and the Valuer General, the division protects land titles and cadastral integrity in NSW, and maintains and promotes standards that ensure secure, consistent and quality spatial and valuation information is provided to the community.

**NSW Fair Trading** safeguards consumer rights, regulates specific industries and occupations, and advises traders on fair and ethical business practice. The laws administered by Fair Trading set the guidelines for fairness in the countless daily transactions between consumers and traders. Fair Trading mediates consumer complaints and enforces compliance through licensing, inspections, investigations, prosecution and other disciplinary actions.

Fair Trading provides information to consumers and traders on their rights and responsibilities under fair trading legislation. Business licensing services protect consumers and assist traders by maintaining and improving the integrity of industries vital to the NSW marketplace.

Rental bonds custodial services provide tenants, landlords and property agents with confidence that bonds are used for their rightful purpose and are quickly available when required.

**NSW Public Works** provides expert advice and commissioning services for infrastructure, assets and facilities to agencies to enable them to deliver their services to the community.

As a smart buyer for government, NSW Public Works supports government and agencies in procuring services from the market. It helps clients maximise value, minimise costs and effectively manage risks in their infrastructure programs and life cycle management of their assets. It supports agencies in strategic planning, support investment decisions, design management, delivery of infrastructure, engineering projects and maintenance.

NSW Public Works ensures capability in regional communities through its network of regional offices responding to emerging asset needs and providing engineering emergency response during natural disaster and other events.

The **Office of State Revenue** (OSR) is NSW's principal revenue agency, fairly administering State taxation and revenue for, and on behalf of, the people of NSW. OSR manages fines and payments due to Government and administers grants and subsidies to provide valuable assistance to families and enterprises across NSW.

The **Property and Housing Group** includes three entities, Government Property NSW (GPNSW), the Teacher Housing Authority (THA) and Waste Assets Management Corporation (WAMC). WAMC has recently been integrated into GPNSW's Portfolio Management Group to bolster its environmental capability.

GPNSW provides expert property advice across the whole of government. It delivers three core services for the State: leading property policy, portfolio and asset management, and property transactions. These services ensure better management of the State's property portfolio, releasing capital for front-line community services.

WAMC is a specialised landfill operations and rehabilitation manager. It delivers contracted waste disposal services to SUEZ Environment, manages and rehabilitates nine open and closed landfill sites and is a partner in a landfill gas-to-energy joint venture.

The THA supports education by providing residential accommodation in rural and remote locations where the needs of teachers cannot be met by the private rental market. In these areas, this service is considered vital for the delivery of quality education.

**Safety, Return to Work and Support** (SRWS) brings together four agencies that support the citizens and businesses of New South Wales through the insurance, prevention and management of injury in our workplaces, and on our roads. SRWS includes the Dust Diseases Board, the Lifetime Care and Support Authority, the Motor Accidents Authority of NSW and the WorkCover Authority of NSW.

**Service Innovation and Strategy** drives innovation and builds capability across the NSW public sector in support of better, more citizen-focused service delivery. The division leads on key whole of sector policies and strategies including information and communications technology, procurement, construction and corporate and shared services reform.

**SICorp's** main function is to operate the NSW Government's managed fund schemes. The main scheme known as the Treasury Managed Fund (TMF) provides unmatched protection for the asset and liability exposures (except Compulsory Third Party insurance) for most government agencies. Major agencies not in the TMF are Rail Corporation NSW, Sydney Trains, NSW Trains, State Transit Authority of NSW and Land Housing Corporation NSW.

SICorp provides insurance required under the *Home Building Act 1989* through the Home Building Compensation Fund for building work in NSW. SICorp also provides principal arranged construction insurance for capital works projects by agencies in NSW.

**Corporate Services** provides overarching policy and strategic advice, and operational support to the Chief Executive and OFS divisions. Corporate Services works closely with operational business units and in partnership with service providers, including ServiceFirst, to deliver transactional services.

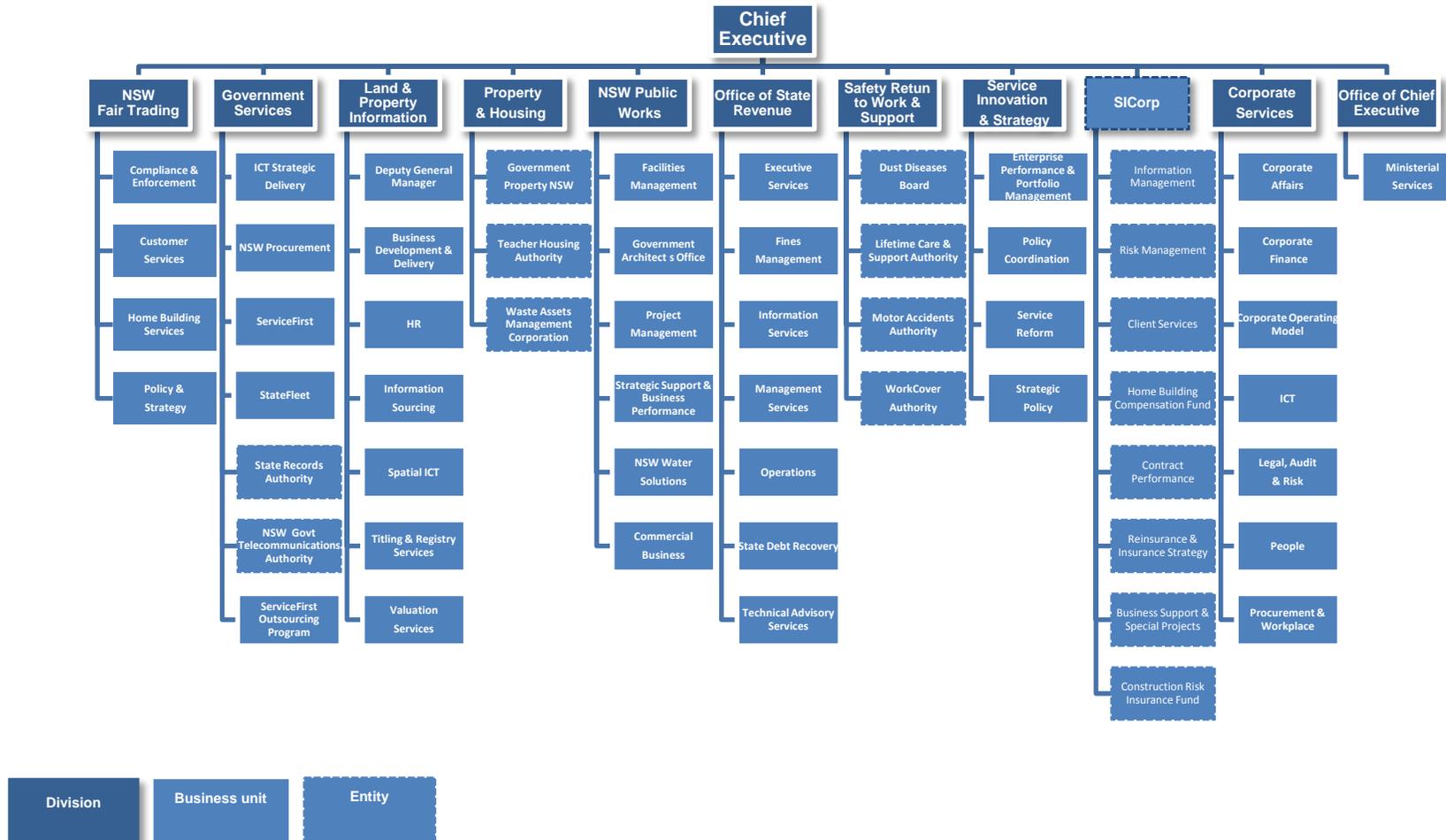
Corporate services include: strategic procurement, people resources, Information and Communications Technology (ICT), facilities and fleet management, records and knowledge management, financial management, risk management, legal services, audit, and corporate affairs.

Additionally, Corporate Services led the implementation of corporate and shared services reform within OFS as part of the Corporate Operating Model (COM), and supported the internal implementation of the *Government Sector Employment Act 2013* (GSE Act) and related executive reforms.

The **Office of the Chief Executive** comprised Executive Services, Ministerial Services and Information Access, and Media (until May 2015 when the latter unit transferred to Corporate Services). During the reporting period, this business area:

- delivered business operations and project management support to facilitate effective leadership and governance
- provided media and ministerial liaison on contentious and sensitive issues
- planned and coordinated events for the minister and OFS
- coordinated information flows to the Minister for Finance and Services, the Secretary of the Treasury and the OFS Chief Executive, including correspondence and briefing notes, parliamentary house folder notes, and responses to questions on notice
- met OFS's obligations under the Government Information (Public Access) Act 2009 and the Privacy and Personal Information Protection Act 1998.

## 2.3 Office of Finance and Services at 30 June 2015



## 2.4 Principal officers at 30 June 2015

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### **Simon Smith, Chief Executive, Office of Finance and Services**

Simon Smith commenced as Chief Executive of the Office of Finance and Services on 2 February 2015.

He joined OFS from the Department of Premier and Cabinet, where he served as Deputy Secretary from 2011, concentrating on economic policy and reform.

Trained as an economist, Simon first joined the NSW public sector in 1994. His public sector roles have focused on the nexus between the economy and the environment, including roles in regulation, policy development and program delivery.

### **Brian Baker, Deputy Secretary, NSW Public Works**

Brian Baker has over 30 years' experience in developing and delivering major infrastructure projects. A significant component of his career has related to the planning and delivery of public infrastructure, including water supply, sewerage, bulk material export, transport, education and health. Brian also worked for non-government entities, including a major engineering and construction company in various consulting roles. He has a clear understanding of the processes of Government and management of accountabilities within the public sector, and a demonstrated ability to develop and implement effective workplace cultures consistent with sustainable business growth objectives.

### **Vivek Bhatia, Chief Executive Officer, Safety Return to Work and Support**

Vivek Bhatia was appointed as CEO of SRWS and became a member of the Safety, Return to Work and Support Board in August 2014. He was appointed Chair of the DDB Board on 1 January 2015, was nominated and accepted as the NSW Member of Safe Work Australia and is Chair of the Heads of Asbestos Coordination Authority. Before he joined SRWS Vivek was the CEO at Wesfarmers Insurance, where he led the multi-brand, multi-channel insurer through a significant transformation.

He has also held several other prominent leadership roles in strategy, operations and technology at McKinsey & Company, Wesfarmers Insurance and QBE, both domestically and abroad over the past 15 years. Prior to joining SRWS, Vivek co-led the business restructuring and transformation practice at McKinsey & Company across Asia Pacific, where he worked across resources, industrials, telecommunications, financial services, and oil and gas.

Vivek Bhatia has an undergraduate degree in Engineering and has completed his MBA in strategy. He is a qualified Chartered Financial Analyst.

### **Sajeev George, Chief Financial Officer, Corporate Services**

Sajeev George has held the position of CFO since July 2012. Sajeev has extensive experience in the NSW Public Sector, providing strategic financial management services to major cluster agencies. Prior to this position, Sajeev held senior financial management positions in the former Department of Services, Technology and Administration, and Department of Commerce. Before joining the public sector, Sajeev worked in the private sector including manufacturing, retail and chartered accounting areas. Sajeev is a member of CPA Australia and holds Bachelor of Commerce and Master of Commerce degrees.

### **Des Mooney, General Manager, Land and Property Information, Registrar General and Surveyor General**

Des Mooney was appointed to the General Manager position in February 2001. He has extensive senior management experience in both public and private sectors including experience in surveying, mapping and valuation activities. He is a Deputy Chair PSMA Ltd Australia and a member of the Australian Registrars National Electronic Conveyancing Council (ARNECC). Des is also a registered

surveyor and registered valuer. In 2011 he was appointed Registrar General and Surveyor General of NSW. In addition, he is also President of the Board of Surveying and Spatial Information (BOSSI), Chair of the Geographical Names Board (GNB), Chair of the Location Leadership Group (LLG) and the NSW representative for Australian and New Zealand Land Information Council (ANZLIC).

### **John Hubby, Deputy Secretary, Corporate Services**

John Hubby joined the former Department of Finance & Services in April 2012, and acted as Chief Executive from April 2014 to January 2015. Prior to joining DFS, John worked at Juvenile Justice (from 2009 to 2012) as Deputy Chief Executive and as Chief Executive. His other former roles include working as an executive at NSW Health, Justice Health, where he worked on the organisation's response to the complex health issues of people who come in contact with the criminal justice system. John has an extensive background in health and human services in both Australia and the United States having held a variety of senior roles in both the public and private health sector. John holds a Master of Public Health from the University of Sydney and a Bachelor of Business Administration from the University of Texas at Austin.

### **Steve Hunt, General Manager, SICorp**

Steve Hunt joined NSW Treasury in August 2000 in a role focused on strategic insurance issues affecting the community at large and the NSW Government's self-insurance arrangements. Before joining Treasury, Steve had an extensive career in the insurance industry, including roles as GIO's Motor Vehicle Insurance Manager and senior roles in GIO Personal Lines management.

Following the collapse of HIH and then the impact of 9/11 he was appointed to the Heads of Treasuries Insurance Issues Working Group that was tasked with addressing the crisis in the availability and affordability of liability insurance. This work resulted in the most comprehensive array of tort law reforms ever introduced by all states and territories in Australia.

In 2005, Steve was appointed Director of the NSW Self Insurance Corporation (SICorp). He established SICorp as a branch of Treasury and implemented a new multi-claims management model for SICorp's outsourced service provision. In 2010, due to market failure, Home Warranty was added to SICorp's responsibilities and was successfully implemented within a six month timeframe. Recent innovations include the Legal Panel and the provision of Principle Arranged Insurance for major construction.

### **Anthony Lean, Deputy Secretary, Government Services**

Anthony Lean provides advice and support to the OFS Chief Executive, the Minister for Finance, Services and Property and the Minister for Innovation and Better Regulation, in the implementation of key whole-of-government reforms.

Formerly the Deputy Director-General, Policy and Executive Services, over a two-year period, Anthony spearheaded the high-level departmental support to the then NSW Minister for Finance and Services, and led the development of ICT Policy and Procurement reforms. He currently has responsibility for NSW Procurement, StateFleet, Data Centre Reforms and ServiceFirst.

Prior to this, Anthony spent seven years as the Executive Director of Legal Branch in The Cabinet Office and the Department of Premier and Cabinet before coming to the Department of Commerce as General Counsel in August 2009. With significant high-level legal and policy experience in the NSW public sector, Anthony has also worked within other agencies including NSW Health and the former WorkCover.

### **William Murphy, Deputy Secretary, Service Innovation and Strategy**

William Murphy was appointed to the position of Deputy Secretary, Service Innovation and Strategy in 2014. This new division allows OFS to position NSW as a leader and innovator in public policy and service reform. Current initiatives are driving NSW Government's transformation to digital

government, better use of public sector data, ICT, procurement, shared services reform, and commissioning exercises around a number of OFS businesses.

Prior to this, William held the position of Executive Director, Strategic Policy, in which role he was instrumental in designing and delivering the whole of NSW Government ICT Strategy and leading the implementation of the Government's procurement reform agenda. He also successfully transitioned the department's policy capability from an operational to strategic policy focus. William has held various policy positions in the Commonwealth and NSW State Governments. He has an academic background in economics and finance, and is an alumnus of the ANZSOG Executive Masters of Public Administration.

#### **Tony Newbury, Executive Director and Chief Commissioner of State Revenue, Commissioner of Fines Administration**

Tony Newbury was appointed Executive Director and Chief Commissioner of State Revenue in 2007. He joined the Office of State Revenue in 1985 after 13 years with the Australian Taxation Office. Tony also held the roles of Director, Planning and Review and Chief Operating Officer at the Office of State Revenue.

#### **Brett Newman, Deputy Secretary, Property and Housing, Chief Executive Officer, Government Property NSW**

Brett joined GPNSW as Chief Executive Officer in April 2013. He leads the NSW Government's owned and leased property portfolio, which generates revenues of more than \$500 million per annum. Brett is Chair of the Teacher Housing Authority and the Strategic Property Transactions Committee. He is on the Board of the Sydney Harbour Foreshore Authority and participates in a number of government wide strategic steering committees including for TAFE NSW, Crown Lands Review and Service NSW.

Prior to leading GPNSW, Brett held a number of senior executive positions with organisations such as Blackstone, Westpac, Stockland, Challenger and Macquarie Bank.

#### **Rod Stowe, Commissioner for Fair Trading**

Rod Stowe was appointed Commissioner for Fair Trading on 4 July 2011.

Rod has worked in the Fair Trading portfolio for 26 years where he has had a variety of roles including Policy Advisor, Director of Customer Services, Assistant Commissioner for Policy and Strategy and Deputy Commissioner. In a public sector career spanning 38 years, he has gained wide experience in government following previous postings in portfolios covering environmental protection, education, local government and state superannuation.

Rod was awarded the Public Service Medal for outstanding public service in the provision of consumer protection to the community of NSW in 2011 and the Society of Consumer Affairs Professionals (SOCAP) Lifetime Achievement Award in 2015.

#### **OFS Executive Committee Advisers at 30 June 2015**

- Colleen Dreis, General Counsel, Corporate Services
- Michael Doherty, Acting Chief Audit Executive, Audit, Corporate Services
- Malcolm Freame, Chief Information Officer, ICT, Corporate Services

#### **Changes to the Executive in 2014/15**

- Julie Newman, Chief Executive Officer, Safety Return to Work and Support, retired on 1 August 2014
- Vivek Bhatia was appointed as Chief Executive Officer, Safety Return to Work and Support on 25 August 2014

- Simon Smith commenced as Chief Executive, Office of Finance and Services, on 2 February 2015
- John Hubby, Acting Chief Executive, OFS, from April 2014 to January 2015, returned to his role as Deputy Secretary, Corporate Services on 2 February 2015
- Kirsten Watson, Acting Deputy Secretary, Corporate Services, from May 2014, left the service on 16 February 2015.

### 3. Highlights and achievements

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Throughout the year the Office of Finance and Services was focused on supporting the NSW Government's reform agenda and delivering the program set out in its Corporate Plan 2012-2015

The Corporate Plan objectives were to:

1. Rebuild state finances
2. Improve the use of capital and assets
3. Deliver citizen-centric services supported by appropriate regulation
4. Enable and deliver better public services to the NSW government sector
5. Become a more agile and cohesive agency that leads reform.

#### 3.1 Rebuilding State finances

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##### Office of State Revenue

- Collected \$24.25 billion in Crown tax revenue to fund NSW services including hospitals, schools and roads. This included identifying over \$430 million in tax compliance revenue from almost 30,000 completed cases to ensure that liable clients meet their obligations and contribute to a prosperous economy
- Administered over 2.8 million penalty notices issued, resolving over 74 per cent upfront and collecting almost \$397 million in fines. OSR recovered a further \$304 million in debts from overdue fines
- Provided grants, rebates and benefits worth over \$396 million to support new home buyers, regional employment and the creation of new jobs by employers in NSW
- Achieved 100 per cent success rate in First Home Benefit prosecutions to ensure only eligible clients receive benefits.

##### Property and Housing

Government Property NSW (GPNSW) operates on a commercial basis. Its recent change management program positions the agency to operate at least as efficiently as a commercial enterprise. The agency has recently undertaken a restructure of the senior executive team to bolster experience from across the public and private sectors.

Due to renewed review processes, GPNSW's refurbishment program spend was down 68 per cent from the previous year, as management focused on essential repairs and those assets to be retained over the long term.

The Waste Assets Management Corporation has generated 500,000 m<sup>3</sup> of additional landfill capacity at Eastern Creek through improved waste compaction achieved by GPS-directed mobile equipment. This additional capacity has been on sold and will contribute \$10 million in additional revenues in the 2016/17 financial year.

The Teacher Housing Authority has developed asset plans and capital management initiatives that strengthen financial efficiency and improve operating performance in the immediate term. These initiatives underpin sustainability and effective service delivery and have helped improve THA's operating position by almost 10 per cent.

## Service Innovation and Strategy

### NSW Human Services Data Hub

The Human Services Data Hub provides access to consolidated information on the human services delivered by the Government and NGOs in NSW. OFS administers this central repository of data, which went live in late 2014 providing information about human services programs across NSW. This central repository of data will support more effective human service delivery and improved policy decision-making by enabling NSW government agencies to identify gaps, reduce duplication, and identify areas for greater coordination of human service delivery.

### SICorp

SICorp transferred \$355 million to the Consolidated Fund through its Net Asset Holding Policy due to positive investment performance and a reduction in claims through 2014/15.

It also realised an overall improvement in the renewal of its reinsurance program that led to a premium saving of \$700,000 while providing expanded levels of cover.

### Corporate Services

As part of the government's strategy to rebuild the State's finances, OFS ensured that all savings and revenue targets were built into its 2014/15 budget. Roadmaps and accurate and timely forecasts were used throughout the year to ensure these targets were achieved.

By improving its space utilisation, consolidating and backfilling ad-hoc vacant spaces and co-locating business units throughout NSW, OFS has achieved the four-year accommodation savings roadmap target of \$17 million, with anticipated recurrent savings in excess of \$10 million a year from 2015/16 onwards.

The procurement savings roadmap for OFS has been developed to deliver aggregate savings of at least \$34 million over the four years to 2018/19, including \$6 million in 2015/16. A key example is the renegotiation of Microsoft software license contract during 2014/15 to allow for decreased license volumes in response to machinery of government changes and internal restructures. The new contract arrangements have saved approximately \$1 million a year.

OFS also contributes to the NSW Treasury Financial Management Transformation Program which aims to support improved resource and performance management for the State. OFS has contributed to initiatives for policy and legislative reforms as well as program budgeting and reporting.

## 3.2 Improving use of capital and assets

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### NSW Public Works

NSW Public Works provided strategic advice and project delivery management across a range of infrastructure assets and facilities, including the Central Government Relocation Program. The program involved moving Ministers and central government agencies from Governor Macquarie Tower to Martin Place. The move resulted in a reduced floor space ratio of 13m<sup>2</sup> for each fulltime employee and an 80 per cent reduction in paper storage. There will be rental savings of \$90 million over 12 years and cost reductions for the community from the lower cost of government. The complex program involved management of parallel work streams and the relocation of approximately 1,200 people.

## NSW Public Works:

- provided assurance and monitoring for the \$422 million Infrastructure NSW Restart programs across regional NSW, ensuring that project performance and grant expenditure in the 160 projects met objectives
- provided expert strategic advice and technical support to the Hawkesbury-Nepean Valley Flood Management Review, investigating options to reduce risks from flooding
- provided strategic asset advice to Crown Lands, assisting them to develop a data collection system for key asset types
- used its broad range of engineering expertise to provide emergency management response, including deployment to a major explosion in Rozelle and the USAR (Urban Search and Rescue) mission to Vanuatu following Cyclone Pam. During February, it was part of the team to assess New Zealand's USAR accreditation.
- gave strategic advice to the Loosefill Asbestos Taskforce, to support the management of remediation works
- developed a Total Asset Management Plan for Department of Justice and is managing the development of business cases to NSW Treasury to ensure capacity for current and future populations. Use of the FMWeb asset information tool enabled Juvenile Justice to program and effectively manage assets
- managed a range of regional projects, including road work for local government and Roads and Maritime Service, such as Clyde Mountain slope stabilisation and Mt Keira Road upgrade. It supported communities through completion of sewerage projects, the Robertson Sewerage Scheme, Yamba and Ballina Sewerage Treatment Plants for example, and water projects at Braidwood and Coffs Harbour
- designed and managed the delivery of the Gunnedah Aboriginal Child and Family Community Centre to meet the needs of the indigenous community.

## Education

NSW Public Works continued to assist the Department of Education and Communities (DEC) with procurement strategies and delivery options for the \$56 million state-wide Major Capital Works Schools and TAFE program.

Through its regional network, NSW Public Works managed the state-wide minor works program for DEC. The 298 projects, valued at \$49.5 million, included modular classroom upgrades, disability access works, and asbestos remediation. By applying smart buying techniques, NSW Public Works secured significant savings for the client.

NSW Public Works provided services for the 10 schools facilities management contracts, which offer school maintenance and minor repairs, including Emergency and Urgent Repairs (EURs). In 2014/15, 34,234 EURs were responded to and by managing contractor's claims, NSW Public Works provided DEC with savings of more than \$900,000.

## Water and water infrastructure

NSW Public Works specialist water infrastructure knowledge was used on the upgrade of Lake Endeavour Dam providing option studies, concept design and management of detail design.

NSW Public Works assisted regional communities and utilities with a range of water and sewerage services, helping secure water supplies through strategic advice for Walgett Weir and a new water treatment plant at Walgett. It investigated options for reuse of treated effluent at Muswellbrook, Denman and Bathurst and plant optimisation at Batemans Bay Sewage Treatment Plant.

NSW Public Works assisted with strategic business plans for Bega and Inverell; developed servicing plans for Blayney, Millthorpe and Young; and integrated water cycle management planning for Hawkesbury City Council.

In partnership with NSW Health, NSW Public Works helped a number of councils to implement drinking water management plans and supported WaterNSW's delivery of drinking water supplies, providing reliable hydrometric monitoring and sampling.

NSW Public Works assisted Walgett Shire Council with an emergency solution for a sudden breakdown of the water treatment plant at Collarenebri. Quick implementation of the emergency solution saved more than \$600,000.

It provided advice on coastal and maritime infrastructure programs, including, master planning studies for Coffs Harbour. An innovative design solution for Seacliff Bridge at Coalcliffe resulted in at least \$12 million construction cost savings.

## Property and Housing

Government Property NSW (GPNSW) has further improved the management of Government's property portfolios so they are better utilised and maintained and there is greater strategic planning across NSW public sector property assets. Over the past year GPNSW's team has recycled more than \$350 million in assets, generating significant cash reserves for the State.

Its commercial achievements over the year included facilitating a sales program delivering a boost of over \$340 million for the State. Major transactions included:

- the sale of the Parramatta Justice Precinct for \$170.1 million to fund essential State infrastructure
- the sale of the former Children's Court site "Bidura" at Glebe for \$33 million, funding the redevelopment of a new Children's Court in Surry Hills
- project management for the sale of over 250 properties in Millers Point, 19 of which have been sold realising sale proceeds of \$43.3 million.

GPNSW also played a key role in delivering the funding for the roll out of the new one-stop shop concept for government customer service on behalf of Service NSW and Roads and Maritime Services (RMS). A total of 126 RMS assets and leases were vested into GPNSW in 2014. GPNSW then designed a sales program which took into account the operational requirements of both RMS and Service NSW and the financial targets required to meet the funding needs to deliver the one stop shop program.

Tranche 1 of the program delivered over \$45 million in sales for RMS during the period, with proceeds reinvested in Service NSW's one-stop shop service centres.

The ongoing auctions in Millers Point and The Rocks, managed by GPNSW, are part of the NSW Government's initiative to sell government-owned heritage housing and reinvest proceeds into the supply of over 1,500 new social housing dwellings across Sydney and regional NSW. This is particularly important given the social housing wait list has over 58,000 applicants.

GPNSW managed annual rent of approximately \$400 million across 1700 locations.

WAMC's generator stations at landfill sites generate sufficient renewable energy to power 10,000 households. In addition, Green Credits are created and green-house gases destroyed.

The Teacher Housing Authority's strategic asset plan is underpinned by an asset recycling strategy, which offers teachers greater choice for where they can live, enhancing their experience in the bush, and improving asset utilisation. In rural areas, new residential accommodation must be provided in areas teachers prefer to live and, in remote areas, new residences have replaced those that are at the end of their economic lives. This year these strategies resulted in almost \$4 million in new residential

accommodation, a boost for the economy in the bush and improved asset utilisation by more than 10 per cent.

## SICorp

Commenced a new reinsurance arrangement that enables automatic placement of construction risks up to \$100 million with liability protection up to \$500 million. This enables agencies to quickly and efficiently move forward on capital works projects that will build up the state's infrastructure and see faster returns on asset investment.

## Corporate Services

During 2014/15, OFS reduced its fleet by 21 vehicles, delivering a yearly saving of approximately \$210,000. As at 30 June 2015, OFS has 764 vehicles in its fleet, a reduction of 147 vehicles over three years, which provided a saving of approximately \$1.5 million a year through the Fleet Efficiency Review and Optimisation Plan established in 2012. Adopting car sharing services will further reduce the fleet size.

## 3.3 Citizen-centric services

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### Land and Property Information

The continued strength of the New South Wales property market in 2014/15 resulted in a very high volume of property transactions, with 900,672 dealings lodged for registration. This was a 6.6 per cent increase on the already high volume of total dealings lodged at LPI in 2013/14, and represented the highest transaction processing volumes of the last decade. LPI successfully managed the resulting challenges and workload to effectively minimise registration delays for customers.

LPI also:

- developed the NSW Address Policy, NSW Addressing User Manual and the NSW Retrospective Address Policy for Local Government, Road Naming Authorities, State Government agencies, developers and surveyors. These guides help streamline the addressing processes for all address producers, custodians, distributors and users and are ensuring improved address quality in NSW
- brokered an Address Verification Web Service which will enable government and the community to verify addresses as part of their business process to deliver more efficient business dealings for NSW
- added and improved over 300,000 addresses within the NSW Authoritative Address Database to better meet needs of government, emergency services, service delivery and the community.

LPI is digitising its historic land title records and aerial photography so that customers can access records online. LPI has scanned more than 30 million records and transferred the originals to State Records. The program ensures the state archives are preserved and remain as a legacy for future generations.

### NSW Fair Trading

During 2014/15, Fair Trading delivered over 2,100 community education information sessions and activities raising awareness of consumer and trader rights and responsibilities and services available. These programs reached over 65,000 consumers and traders, an increase of 61 per cent from last year.

Fair Trading responded to 1,075,457 telephone enquiries and 46,973 complaints of which 94 per cent were resolved without recourse to higher cost options such as courts and tribunals.

Fair Trading also:

- introduced specialist teams to handle consumer complaints in the real estate, motor vehicle and retail sectors leading to improved levels of trader compliance
- carried out trader education programs and trader information seminars to assist traders in understanding their legal obligations concerning the supply of safe children's toys
- delivered the MyInspections portal that allows plumbing and drainage licence holders to pay fees and submit mandatory documentation online. This represents a significant benefit to industry by improving access to NSW Government services and reducing red-tape
- worked with Service NSW to continuously improve delivery of services through the Service NSW one-stop shops
- introduced a new audio option on its website to extend the accessibility of information by allowing people to listen rather than read information
- increased the accessibility to its complaint and enquiry forms. These are now mobile-friendly and easy to use across mobile devices.

New motor dealers and repairer laws provide greater consumer protection and information including a freely available online motor dealer and repairer licence check facility.

New home building laws include: stronger penalties, regulation of progress payments and cutting red tape for owners doing minor works on their own home.

There is now automatic mutual recognition on the east coast of Australia for licensed electricians.

## Office of State Revenue

OSR was awarded the 2014 National Contact Centre of the Year Award (Multi/Virtual Site) at the State and National level by the Auscontact Association, the peak body within the customer contact industry in Australia. This award recognises the skills, expertise and potential of all staff in the Collection Centre and their commitment to supporting client service and effective debt recovery.

OSR also:

- achieved an 80 per cent reduction in abandoned calls for the State Debt Recovery Collection Centre, providing faster responses and an improved first-call resolution of 68 per cent for the over 1.3 million calls received
- presented 249 client education webinars and expos reaching over 10,000 clients to improve their awareness and knowledge and make it easier for clients to comply
- worked with other Australian revenue offices to develop the Payroll Tax Australia website to promote client education, information access and tax harmonisation across jurisdictions
- developed Payroll Tax Annual Reconciliation videos on YouTube that guide clients step-by-step through the process, with 82 per cent of annual returns lodged on time. The videos got over 5,000 views
- conducted 123 Aboriginal Liaison outreach visits across NSW to ensure that the most disadvantaged and vulnerable members of our community receive the support and assistance necessary to help them resolve their fines and debts
- improved accessibility and service delivery options for clients on all OSR websites by implementing Readspeaker text-to-speech services

- collaborated with the NSW Ombudsman, advocacy groups and the NSW Youth Advisory Council to develop a Youth Engagement Strategy to engage with the 6,500 debt clients that are under the age of eighteen
- doubled to over 200 the number of companies that can complete electronic nominations for their at-fault drivers, reducing red tape for clients by over \$400,000 and improving processing times.

OSR's official Twitter, Facebook and LinkedIn accounts were launched. By providing formal, trusted channels, an official social media presence reduces the likelihood of clients being scammed by people falsely claiming to represent OSR. OSR's social media improves client access to information including education programs, seminars, webinars and scam warnings. Clients benefit from increased exposure to information on OSR's online collaboration with other agencies, including compliance activities and the consequences of non-compliance. OSR's social media presence allows for targeted marketing, making it easier for clients to access and receive relevant information.

Eighty-eight per cent of respondents to the 2015 Client Survey found OSR staff to be professional, an increase of three per cent on 2013 results.

## Property and Housing

The Teacher Housing Authority is essentially a landlord and provides accommodation at arms-length from a teacher's employer – the Department of Education. This arrangement provides teachers, and their families, with private, and secure tenure – important because rural and remote communities can be a challenging environment for a teacher.

## Safety Return to Work and Support

### **WorkCover NSW**

#### ***A better workers compensation system for NSW***

A series of major reforms to create a fairer, more sustainable and more customer-centric workers compensation system for NSW were the primary focus for the WorkCover Authority during the reporting year. In September 2014, a number of enhancements were introduced to benefits for claims made before October 2012. In March 2015, the Government committed to immediately reviewing the financial position of the Scheme and investing two thirds of the minimum surplus required to keep it sustainable, ensuring continuing support for injured workers and getting them back to work, and investing the balance in lowering premiums for businesses. In line with this, WorkCover consulted with injured workers and other stakeholders to develop policy options.

#### ***Lower premiums for safe businesses***

In June 2015 WorkCover introduced changes to the way workers compensation premiums are calculated for medium-large employers. The changes are aimed at improving certainty and stability of annual premiums, cutting red tape and rewarding businesses that maintain a safe workplace. The changes will deliver \$200 million in premium savings in the 2015/16 financial year and reduce the cost of doing business, creating and maintaining NSW jobs.

#### ***Working with industry to save lives***

During 2014/15 WorkCover partnered with industry to reduce the number of fatalities and serious injuries in high risk industries. A series of targeted workplace visits, stakeholder engagement and safety awareness campaigns were carried out to target dangerous activities in industries such as house construction, road and bridge construction, road freight transport, plant nurseries, asbestos, and sheep and beef farming.

### ***New ways of delivering safety messages***

Customer insights shaped new direction in work health and safety communications in 2014/15. The Alive and Well campaign changed the way WorkCover engages with the at-risk farming community, enabling farmers to talk to farmers – through video, websites, events, print and social media – about their own near misses and tips for staying safe. Insights into information consumption habits changed the way WorkCover presents its safety advice, with an ongoing series of videos replacing the traditional ‘safety alert’ publications.

### **WorkCover NSW**

#### ***NSW Customer centric service***

WorkCover established new frontline and complaints-handling processes following the implementation of a new Customer Service Charter and Customer Feedback Framework. The WorkCover Customer Service Centre was awarded the prestigious National Contact Centre Innovation Award for the introduction of the new complaints framework.

### **Dust Diseases Board (DDB)**

#### ***Streamlined processes***

The DDB simplified its application process and improved the timeliness of communications through a range of activities. This included development of a phone service, redeveloping brochures and marketing materials, changes to timeframes for notifications and advice, and updating processes for payments. This led to better interactions with customers and improved services.

#### ***Awarding compensation more efficiently***

The DDB reviewed its current procedures to identify opportunities to improve the timeliness of reporting processes. The number of completed history reports increased by 12 per cent, to a total of 415 in 2014/15. At 30 June 2015, 80.7 per cent of industrial history reports were completed in 45 days, with the remaining 12.3 per cent completed within 90 days.

### **Motor Accidents Authority (MAA)**

Market and price regulation, supporting competition and innovation – New Premium Determination Guidelines and Market Practice and Business Plan Guidelines were issued in 2014/15. The adoption of a principles-based approach to market regulation will support a competitive market and a level playing field for insurers, encourage fairer prices, innovation in the delivery of services to CTP customers and encourage insurers to act in good faith when interacting with customers.

#### ***Road safety partnerships***

The MAA maintained effective partnerships to successfully deliver key elements of the NSW Road Safety Strategy 2012/21. Inter-agency collaborations focused on promoting cycling, motorcycle, pedestrian and driveway safety while data linkage and data sharing projects, with Transport for NSW and NSW Health, were designed to guide road safety strategies and injury prevention priorities. Programs aimed at reducing risky driver behaviour and promoting safety for vulnerable road users were implemented along with an emphasis on motorcycle riders, driveway safety and fatigue.

#### ***Supporting better recovery outcomes***

The MAA focused on better recovery outcomes for injured people through a strategy of education, research and improved services. In January 2015, a simpler claims form was launched and a new notification system was introduced to make it easier and faster for injured people to make a claim. More than 90 per cent of claimants reported the new process was easier and helpful. The MAA also partnered with Lifetime Care and Support Authority (LTCSA) to establish the John Walsh Centre for Rehabilitation Research, provided training and information for more than 300 health providers, and published the third edition of the evidenced-based clinical Guidelines for the Management of Acute Whiplash-Associated Disorders.

## **Lifetime Care and Support Authority**

### ***Improving attendant care***

A number of measures were implemented in 2014/15, to improve the quality of attendant care services for participants. The panel of attendant care providers was expanded to provide better coverage across NSW and to improve choice for participants. LTCSA created a capability framework and an online resource for participants and their families to provide information around living with attendant care.

### ***Better vocational outcomes for people with a brain injury***

A new two year program to increase workforce and vocational participation for people with an acquired brain injury commenced in April 2015. The program, delivered in partnership with the Agency for Clinical Innovation (NSW Health), is currently being trialled in three brain injury units across the State. In addition, the LTCSA has been working closely with stakeholders to improve educational support and vocational planning for Scheme participants to support their exit from high school.

## **Service Innovation and Strategy**

### **Digital Government**

Digital +, the 2014/15 implementation update for the NSW Government ICT Strategy was released in October 2014, focusing on the digital transformation of government. OFS is leading the development of capability and initiatives to enable the NSW Government to move from being a government that 'does digital' to a government that 'is digital'. A digital government roadmap was developed, based on consultation with citizens, research organisations, industry, non-governmental organisations, and local and global research into best practice digital government.

In March and April 2015, digital government workshops brought together business leaders from across government, identifying potential initiatives, which OFS is investigating, that could serve as exemplar digital government projects. Key priorities will include:

- transforming customers' experience of interacting with the NSW Government
- improving the design and implementation of policy and program activities
- modelling a customer-centric, agile culture by rapidly prototyping solutions and developing them on a 'test and iterate' basis.

### **Open data**

Providing access to government data is important for transparency and public sector accountability. The NSW Government ICT Strategy also supports the release of open data for reuse by industry and the community, providing a platform for innovation.

Key actions and achievements in 2014/15 included:

- supporting the Premier's Innovation Initiative – specifically, the open data stream. The aim of this stream of the Initiative is to fast track the release of de-identified data (open data) to maximise value for the community
- bringing NSW Government agencies and app developers together to develop five new apps using government data – through two rounds of the popular apps4NSW competition, data from Education, State Library, State Records, FACS and NSW Procurement was made available. The five new apps developed were School Bell, TriviaPic, NSW Spend, Towns Through Time and Who Cares
- making Land and Property Information spatial datasets widely available using web services – this has provided automated access to a number of topographic, address

location, NSW points of interest and imagery datasets in a way that they can be easily shared and used by different online systems

- embedding the use of the Creative Commons Attribution Licence – providing NSW Government agencies with a standardised statement and user checklist to ensure their data is appropriately attributed by those who share, use, and build upon it
- implementing a standard for reporting on data quality – providing clear, easy to understand and standardised information to help the public decide whether the government data they are looking at is suitable for their particular analysis or project.

OFS also leads and supports the NSW Open Government Community of Practice, encouraging greater inter-agency collaboration on open government matters, including openness of data and increased access to online government information and services.

### **Data initiatives**

OFS partnered with the Department of Premier and Cabinet on the Premier's Innovation Initiative, established as a channel for NSW Government to strategically commission services. It led the Open Data priority area to unlock the potential value of government data to provide new products and services to the community.

In 2014/15, OFS continued the successful apps4NSW competition. Each apps4nsw competition provides developers with a challenge to use data in innovative and practical ways. Winning apps that are available for download include:

- School Bell created by developer 'Geddup', is an organisational tool that allows users to send and receive messages, share contact details, and receive notifications from their chosen community
- Towns Through Time created by Bathurst based developers Appiwork is an app that offers users a glimpse of historical life in regional and urban NSW.
- *Pocket Ecologist* created by developer Richoshae Pty Ltd is an app that assists users to identify native vegetation in the greater Sydney metropolitan area.

### **SICorp**

SICorp sponsored a project on behavioural insights with Allianz and the Department of Education that has become the ANZIIF Innovation Award Winner. The project's objective was to utilise the principles of behavioural insights in managing workers compensation claims.

Behavioural insights draws on research into behavioural economics and psychology to influence choices in decision-making. By focusing on the social, cognitive and emotional behaviour of individuals and institutions it suggests that subtle changes to the way decisions are framed and conveyed can have big impacts on behaviour.

Utilising it in the management of a workers compensation claim empowers the injured worker to be more involved in determining the outcome of their claims.

SICorp led the cluster for WCAG 2.0 AA web accessibility, ensuring that their web portal could be accessed by all members of the community including those with disabilities.

SICorp also sponsored a Clinical Risk Management Seminar to support health practitioners in identifying medical liability risks related to providing healthcare to improve outcomes for patients across NSW.

## 3.4 Enabling and delivering better public services

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### Government Services

#### **Corporate and Shared Services Reform Program**

The Corporate and Shared Services Reform Program (CSSRP) supports agencies on their Corporate and Shared Services Reform journey. The program delivers a range of services that are designed to accelerate and reduce the risk of process improvement, Enterprise Resource Planning (ERP) and related system selection and implementation and continuous improvement activities. The program also connects agencies and industry so they can share knowledge and experiences.

#### **Benefits realisation**

To assist agencies familiarise themselves with ERP as-a-service the CSSRP launched ICT Services Scheme – Category Q: ERP and related corporate and shared services on 30 July 2014.

Category Q is a one-stop shop for ERP as-a-service and provides services, products and solutions to assist agencies.

#### **Purchasing Card reforms**

In response to the June 2014 Audit Office Report – Performance audit into purchasing cards and electronic payment forms, the CSSRP has been working with agencies to accelerate sector-wide adoption and use of Purchasing Cards. Increasing electronic payment and reducing the use of cheques will reduce administration cost and effort for the public and small business.

#### **OneGov partnership with Service NSW**

OneGov, in partnership with Service NSW, offers software solutions, change management and consulting services through the Office of Finance and Services. The OneGov platform allows citizens and businesses to transact with agencies and access appropriate information to deliver efficient transactional solutions quickly at low cost and increase customer satisfaction.

OneGov is used in shopfronts and call centres. Citizens and businesses can also use 24/7 digital services. It supplies over 400 types of transactions for Service NSW and established 50 per cent of Service NSW branding on digital transactions during the financial year.

In 2014/15, OneGov completed the following major projects:

- assisted with opening 18 new shops taking the total to 36 for Service NSW
- increased Service NSW branding from two per cent to 50 per cent of OneGov digital transactions
- created 65 responsive mobile transactions
- established a register for 60,000+ carers for 18,500 children in foster care managed by 65 non-government organisations
- combined card for drivers and boat licences
- introduced new periodic fees for hotels and pubs
- introduced new mobile registers for motor dealers and owner builder permits
- introduced 'Look up a tradie' and 'Look up a motor dealer'.

The Government Data Centres (GovDC) at Silverwater and Unanderra are now fully constructed with the final module to be handed over in August 2015. All cluster departments are now represented in the data centres and the facility is approximately 90 per cent allocated. Some agency legacy data centres have been closed down in the last twelve months and good progress is being made with relocating equipment to GovDC.

The GovDC Marketplace is now firmly established with several commercial service providers offering as-a-Service solutions for government agencies. The GovDC cloud is now being extended to the public cloud using Cloud Connect, which is a new service on the network backbone within GovDC. This allows clients to better access cloud services and the capability to share services and applications with other agencies.

## **52 Martin Place relocation**

ServiceFirst was involved in relocating the offices of the Ministers, the Department of Premier and Cabinet and The Treasury from Governor Macquarie Tower to 52 Martin Place, Sydney. They delivered the high risk and complex IT infrastructure and services successfully and on-time.

## **e-Workplace**

ServiceFirst progressively and successfully rolled out a new operating environment across the Office of Finance and Services. e-Workplace significantly enhances the technology landscape with market offerings for cost effective services, mobility devices, managed print services and desktop. It also implemented a remote office solution that provides access to all applications, network drives and internal corporate resources in a secure, safe, robust solution. All laptop users are permitted and encouraged to use this service.

## **Management Assurance Framework**

ServiceFirst established a Management Assurance Framework to identify and manage the risk, internal controls and compliance requirements that support the assurances ServiceFirst gives to its clients. This has dramatically reduced audit issues by providing a structured self-assessment of the effectiveness of controls and early detection of any issues. The NSW Audit Office has recognised it as unique across government shared services.

## **Land and Property Information**

Smarter Scheduling NSW (SSN) is an innovative service which allows utility providers, local and state government to align and collaborate on scheduled works, e.g. street works. SSN, launched on 28 May 2015, identifies cost-saving opportunities between organisations and improves service delivery to the community by minimising disruption from street works.

The *NSW Location Intelligence Strategy 2013 – 2015* has produced a successful program of works and continues to drive NSW Government agencies to realise the power of location intelligence. The Strategy has evolved to enable greater participation and communication across the public sector and industry and NSW continues to play a significant role in driving the nationally significant spatial information projects.

The LPI imagery capture and processing work program provided operational and investigative support to NSW emergency service organisations. This support included both the capture and provision of before and after aerial photography of natural disasters and also the processing of imagery products for specialised investigative purposes. In addition, LPI's image capture work will improve the NSW Government's capacity to effectively plan, respond to, and mitigate against the risks and impacts of natural disasters and major emergencies in NSW. LPI's image capture work is creating an improved surface and elevation model of NSW which will become an important asset for the Government.

In addition, LPI:

- collaborated with Geosciences Australia to improve digital topographic information across NSW. It is estimated that this program improved a combination of topographic information accuracy and content by 33 percent across the state and resulted in approximately \$500,000 in efficiency gains and savings to LPI and the NSW Government. It was also a significant contributor to improving the NSW and National Data Infrastructure

- upgraded the accuracy of rail infrastructure data covering the Sydney Trains rail line network. This update delivered savings to NSW Government through a 'build once - use many times, single source of truth' approach to maintaining and improving the NSW Foundation Spatial Datasets used by government, industry and the community
- provided expert legal advice and solutions to minimise delays for time critical registration matters including electricity reforms (power stations), Barangaroo, port reforms, Crown Land reforms and Western Lands conversion.

## NSW Fair Trading

The Intelligence unit worked on a pilot project with UTS to examine the potential of predictive data analytics to guide evidence based decision making and to guide future operations.

Implementing a new investigations case management system will more securely, effectively and efficiently carry out investigations and trader inspections.

## NSW Public Works

### Support for emergency services

NSW Public Works advised the NSW Urban Levee Review Steering Committee and the State Emergency Service on urban flood mitigation levees in NSW. It provided a comprehensive spatial information database and developed a levee owners' guideline and operation and management manual.

During the April 2015 east coast low pressure system, NSW Public Works was deployed 24/7 to support combat agencies and provide strategic advice. It responded to 974 calls from the Department of Education and Communities, Sydney Trains and other agencies for roof repairs, fallen trees and other damage, and enabled 272 schools to remain open.

The Manly Hydraulics Laboratory (MHL) website used near real time data to give people information about water levels and wave conditions, and at the peak of the low pressure system there were 1,000 visits an hour to the site. MHL raised 4,000 alarms and sent 3,000 SMS, minimising community risk and injury.

NSW Public Works' engagement on the Mount Ousley dewatering pumping station project proved its worth during the east coast low, when the system successfully pumped out 940kl of groundwater (or the equivalent of 20 domestic swimming pools) within 24 hours.

### Natural Disaster Relief Assistance

In 2014/15, NSW Public Works administered the Natural Disaster Relief Assistance on behalf of NSW Treasury, reimbursing councils a total of \$18,613,482 in 34 payments and processing 19 grant offers with a value of \$8,282,944.

## Office of State Revenue

- Commenced debt recovery services for NSW Ambulance on 1 June 2015, with an additional \$10 million in unpaid fees expected to be recovered in 2015/16 from this new service to help fund the ongoing delivery of ambulance services.
- Collected over \$1 billion in mineral royalties as recommended by the Audit Office, with financial compliance for 2014/15 client returns to commence in August 2015. OSR has established clear rules for calculating and collecting royalties to meet the reform objectives, developed processes to identify late and inaccurate royalty returns and improved revenue compliance.
- Conducted a trial of recovering Victims' Restitution Order debts on behalf of the Department of Justice, more than doubling both the previous collection results and the

creation rate of payment arrangements to increase funds available to compensate victims of crime.

## Property and Housing

Government Property NSW's (GPNSW's) property expertise supports agencies to improve services for the benefit of the NSW community. This means more public housing, enhanced hospital facilities, better schools and transport.

GPNSW extended its reach across government with a significantly larger departmental relationship base, which has led to successful outcomes such as the Service NSW/RMS relationship outlined above. It is now providing specialist property services to more than 100 agencies across the Government.

The Teacher Housing Authority constructed new residences in Moree, Narrandera and Lake Cargelligo. This included a prototype of a new and innovative design, where a single level duplex can be configured as two two-bedroom units or one single-bedroom unit and one three-bedroom house. This ground-breaking design meets the needs of teachers whether they are singles, couples or families, while improving asset utilisation and capital sustainability.

## Service Innovation and Strategy

### Whole-of-government ICT reform

In 2014/15, further support for agencies was provided to assist implementation of the strategic direction set through the *NSW Government ICT Strategy* and *ICT Investment Policy and Guidelines*. Key initiatives included:

- the NSW Government Enterprise Architecture Strategy and Framework that will enable a common approach, with practical guidance on planning and design for agencies to more effectively implement the NSW Government ICT Strategy
- release of the revised NSW Government Cloud Policy and Digital Information Security Policy
- an 'offer endorsement process' that reduces red tape for both buyers and sellers of ICT services. Through this process, suppliers' service offerings are evaluated against a defined standard and the service made available in the ICT Services Catalogue. Standards developed in 2014/15 included messaging, collaboration and unified communications, software asset management, telecommunications mobility, document management solutions, and authentication and identity management.

## SICorp

SICorp upgraded the reporting tool agencies utilise to access claims information held within the TMF Data Warehouse. The claims information is used to identify risks, monitor trends and actively manage claims.

To automate and support the placement of construction risk project cover, SICorp implemented a placement system known as CeeCat. This is a web-based system that enables agencies to log in and provide details of their construction projects and either arrange instant cover or highlight the requirements to SICorp to accommodate a custom placement.

SICorp also established innovative property cover for the Office of Environment and Heritage for their primary and secondary roads.

## Corporate Services

In 2014/15, Corporate Services and State Records collaborated to digitise the NSW Public Service List series (1871-1961) and upload them to [opengov.nsw](http://opengov.nsw). Known as the 'Blue Books', these are lists

of public, ecclesiastical, and other colony officials. OFS Corporate Services will continue to identify and coordinate the digitisation of high value print publications to support open government.

In 2014/15, OFS implemented the 2014–2017 Industrial Relations Strategy. The strategy will underpin the policy harmonisation program and allow OFS to review and refine employment practices in line with NSW public sector industrial relations policies and practices. The harmonisation project will support the implementation of GSE reforms and ensure a standardised approach to employment practices across the cluster.

As part of its procurement reforms, OFS has increased its use of purchasing cards, an efficient, cost effective way to procure low-value high-volume items and significantly reduce the volume and processing cost of purchase orders, invoices, and cheques. Purchasing cards support prompt payment to small and medium sized businesses and offer better expenditure information across the agency.

## 3.5 Leading reform

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### Land and Property Information

The NSW Globe provides access to and discovery of authoritative spatial information to NSW Government, industry and the community. The addition of Australian Bureau of Statistics information and land valuations has improved citizens' access to government information.

LPI now delivers 99.6 per cent of title copies digitally using authorised information brokers and LPI's online channels.

LPI continued its National Electronic Conveyancing program to support the ongoing development of Property Exchange Australia (PEXA). Auto-registration was successfully implemented in NSW and the range of functions expanded to include financial settlement and the online lodgment of transfers and caveats. This is significant progress in the delivery of a national electronic conveyancing solution to the property industry so more people can experience the benefits and convenience of electronic conveyancing.

LPI released a prototype rendering service through its Spatial Information Exchange portal, enabling surveyors to automatically render an image of their plan onto an approved LPI Deposited Plan form. This improved technology will result in a streamlined and more efficient system for surveyors.

### Office of State Revenue

NSW became the first state to integrate with Property Exchange Australia (PEXA) and enable online conveyancing for properties sales across NSW. The Office of State Revenue (OSR) is able to receive electronic payment of duty from PEXA, beginning a new era of electronic settlement of property sales, reducing red tape through a seamless, connected process between conveyancers, banks, Land and Property Information and OSR.

In other initiatives, OSR:

- provided the recruitment, training, accommodation and technology needs to recruit over 140 new staff to provide client contact services, compliance investigations and audit analysis to improve services to clients calling to resolve fines and debt and deliver more efficient audit processes
- recovered over \$30 million in overdue fines debt through the Debt Partnerships Program, working in collaboration with the private sector to exceed revenue targets by over 30 per cent.

## NSW Fair Trading

### Fair Trading:

- worked with OneGov on deployment of a licensing register suitable for use on mobile devices to make regulatory information more easily available to the community and industry wherever they are
- launched mobile-friendly online complaint forms on 4 May 2015, increasing accessibility for the 80 per cent of consumers who choose to lodge complaints online.

## Property and Housing

Government Property NSW (GPNSW) has continued to lead the Government's Decade of Decentralisation strategy, managing expressions of interest for the relocation of significant agency staffing needs to Liverpool, Penrith and Parramatta in the western Sydney growth corridor.

GPNSW has facilitated a reduction in CBD office space by over 34,000 m<sup>2</sup>, representing over 1,400 full time equivalent positions moved away from the CBD.

It has enhanced the data management of whole-of-government property information, by improving the Government Property Register through more user friendly access and more comprehensive data capture, and ensuring client agencies are trained and up to date on new capabilities and data available to them.

The Teacher Housing Authority manages a network of local housing representatives, teachers who act as a point of contact for other teachers in their community. This is particularly important for teachers new to the bush as it assists with overcoming the challenges of isolation and a change in environment, especially early in their career. Representatives provide advice on housing allocation, estimate demand as well as representing teachers, especially those who may be newly appointed to a school in a rural or remote community.

## Service Innovation and Strategy

The Data Evidence and Analysis Network provides a forum for the discussion of the use of evidence in decision-making and policy development across OFS and other clusters. The network promotes a collaborative approach to the work of OFS, supporting and connecting staff involved in research, analysis, program and policy development work. Forum discussions in 2014/15 included open data, use of Australian Bureau of Statistics data, behavioural insights and performance measurement.

## SICorp

SICorp held a two-day Strategic Design Forum, leading to the development of a five-year strategic plan that focuses on continuous improvement in financial performance, stakeholder management, innovation, people and culture, and building SICorp's profile.

## Corporate Services

### eWorkplace

The Office of the CIO in conjunction with ServiceFirst completed the transition of OFS to the contemporary Windows 7 based platform known as eWorkplace. The program replaced PCs, multifunction devices and extended the use of digital document management using TRIM. This platform has allowed the introduction of Activity Based Working in OFS.

### Activity Based Working

OFS introduced its pilot Activity Based Working (ABW) project in 2013 with a group of 25 Corporate Services staff. ABW now has more than 200 participants from Corporate Services and NSW Procurement and has been rolled out over two floors in the McKell Building. It offers a saving of approximately \$140,000 per floor per year through improved use of office space. OFS will

progressively introduce this agile work practice throughout the agency. By capitalising on the use of mobile technology, ABW allows people to choose where to work and who to collaborate with. This has changed the workplace culture, encouraging collaboration within and between teams.

### **Working Digitally**

The Working Digitally project is moving the organisation from paper-based files to digital records. Since July 2014, the project has rolled out the TRIM electronic records management system to several OFS divisions. The move to digital records also includes using TRIM to workflow submissions and approvals digitally, making information more accessible and information capture and retrieval more efficient.

### **The Information and Knowledge Management Framework**

During 2014/15, OFS developed the Information and Knowledge Management Framework which links better information management, with better service delivery, and better value ICT investments. The framework is essential for an organisation such as OFS, where information and knowledge are both a core input into activities and processes, and an outcome of those activities. Use of the framework will improve the discovery and sharing of information and knowledge to support decision making and delivery of better and faster services.

### **People**

In 2014/15, OFS began implementation of its cluster-wide Talent Management strategy, which incorporates a Diversity and Inclusion program, a Career Development and Transition program and a Leadership Development program. A related Human Capital Management System (HCMS) will support the cluster in developing a performance-based culture. The HCMS will help identify and develop the capabilities required to improve customer service, creating talent pools and identifying mobility opportunities within the cluster and the public sector.

## **3.6 Financial highlights**

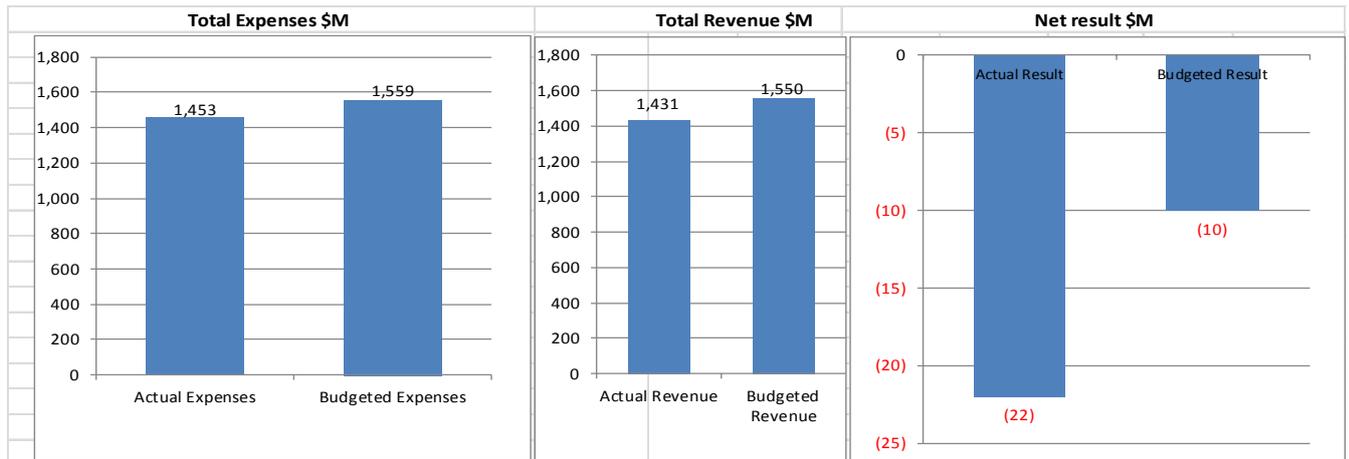
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### **Net result**

OFS' net loss for 2014/15 was \$22.3 million compared to a budgeted deficit of \$9.6 million. The unfavourable variance of \$12.7 million is predominantly due to a \$27.7 million higher than budgeted contribution to the Crown Entity during the year. Excluding the impact of this additional contribution, OFS has achieved a net operating surplus of \$5.4 million compared to a budgeted net deficit of \$9.6 million.

OFS' operating expenditure (including Gain/(loss) on disposal and Other gains/(losses)) was \$106 million lower than the approved budget of \$1,559 million.

**Total expenses (including Gain/(loss) on disposal and Other gains/(losses)) \$M**



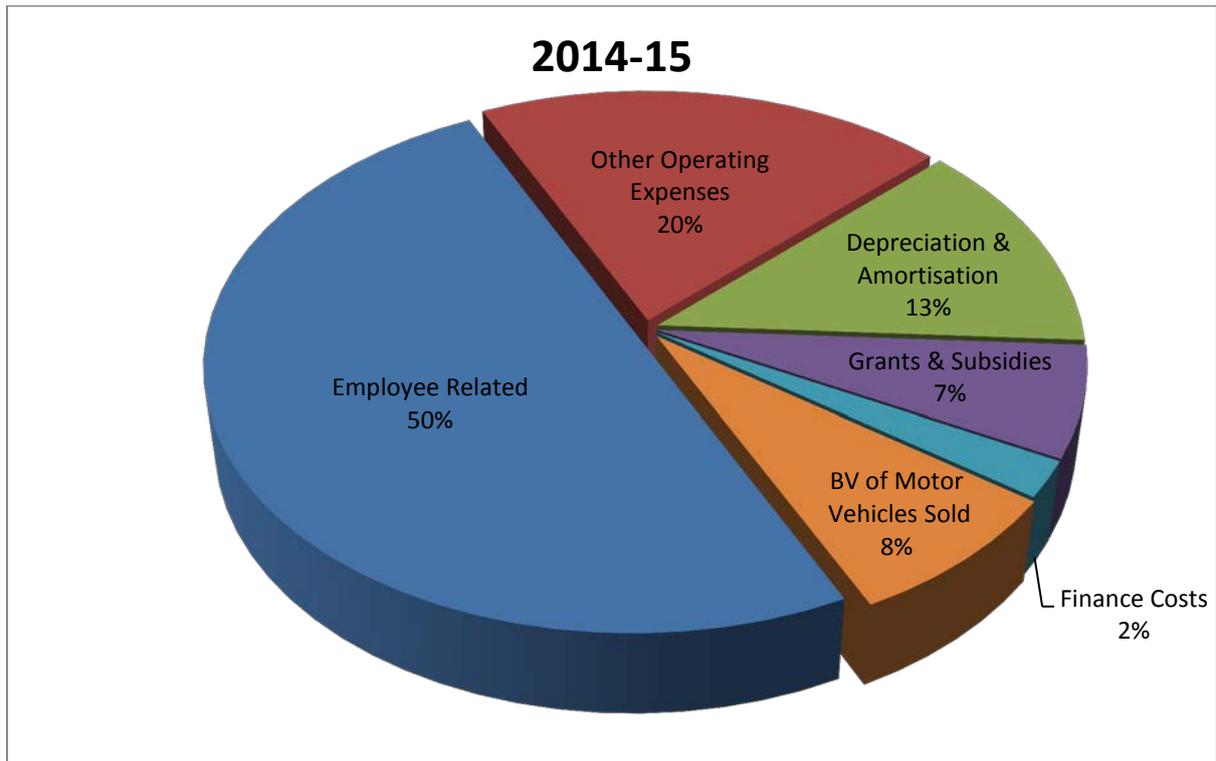
Total expenses were lower than budget, mainly attributed to the following:

- Employee-related expenses – largely due to vacant positions across the Office partially offset by higher than budgeted contractors’ costs
- Depreciation and amortisation – lower than budgeted capital expenditure resulting from improved utilisation of leased vehicles and extension of assets’ useful life
- Grant and subsidies – below budget payroll tax rebate payments during the year.

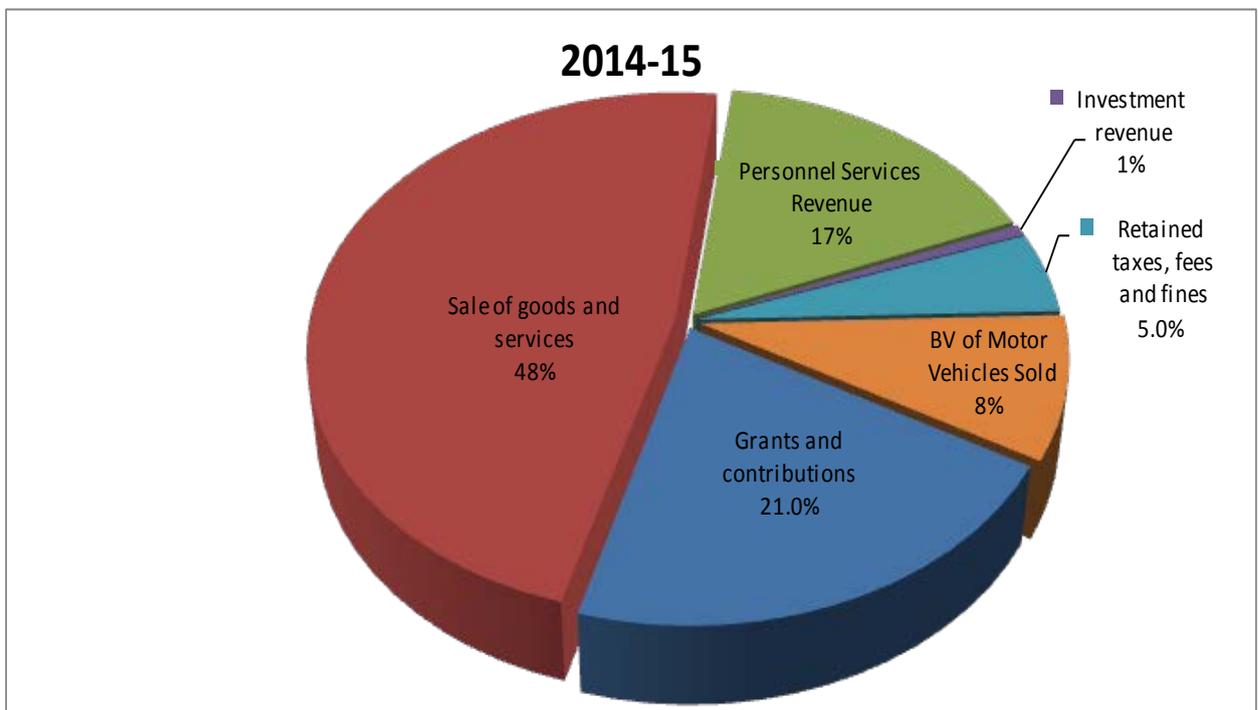
Reduction in revenue is largely due to:

- Sale of goods and services – mainly due to shortfall of project management of client fee work in NSW Public Works
- Personnel services revenue – due to vacant positions across the statutory entities
- Grant and contributions – lower than budgeted expenditures on capital projects and payroll tax rebates.

OFS expenses by major categories



OFS revenue by major categories



## 4. Corporate Performance

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### 4.1 Strategic priorities

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Our Corporate Plan 2012-2015 is the bridge between the government's commitments and priorities including NSW 2021 and the suite of OFS business, service and corporate enabling plans. In February and March of 2015, the OFS Executive reviewed the current Corporate Plan to identify any areas that required further or additional effort to ensure that they were completed or had achieved their intended outcomes by the time the plan was due to end.

The review identified that eight of the 19 strategies in the plan had been successfully executed, eight required further action or could be carried into the next corporate plan cycle, and three were closed as their strategic relevance was deemed to have passed. Further preparations took place throughout 2015 leading into the development of the next Corporate Plan.

During 2014/15, the Enterprise Performance and Portfolio Management (EPPM) unit continued to oversee the performance of major projects, initiatives and reforms aligned to the objectives of the Corporate Plan.

### 4.2 Corporate performance management

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The OFS strategic planning and performance framework is a suite of key corporate and divisional plans, reporting mechanisms and performance management tools that outline and enable the delivery of short, medium and long-term objectives and strategies to support the delivery of NSW Government and corporate priorities.

The planning and performance framework improves accountability and transparency and supports an achievement-focused organisation. It includes the:

- State Plan NSW 2021 and other whole-of-government strategies and plans
- Corporate Plan
- Total Asset Management Plan
- Strategic corporate functional plans to manage corporate services delivery, including the People Plan, the OFS ICT Strategic Plan and the OFS Procurement Strategy
- annual operational plans that detail each division's goals, objectives and accountabilities
- individual work plans and performance development plans.

OFS reports performance through:

- external reporting to NSW Government agencies and the public on governance, financial, services delivery and other measures
- quarterly and annual strategic performance reports to the OFS Executive
- monthly dashboard and performance reports on key performance indicators
- monitoring of senior executive services performance agreements

## 4.3 Performance review

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The Enterprise Performance and Portfolio Management (EPPM) unit administers an enterprise-wide portfolio management framework for major projects, programs, reforms and initiatives. The framework provides the OFS Executive with a consolidated view of the business change landscape.

Monthly and quarterly project health status reporting identifies and highlights associated project status, estimated dates of completion, issues, and risks.

The EPPM also supports good project management practices within OFS by helping to drive best practice standards and methodologies, providing access to professional bodies, providing tools and templates, integrating risk management principles into reporting, and by co-ordinating communities of practice.

As at 30 June 2015, there were 47 major projects in the Enterprise Portfolio Register, including:

- Corporate and Shared Services Reform - implementation of effective and standardised support processes and systems that will reduce costs and improve corporate and shared services performance across government
- Data Centre Reform – consolidation of approximately 130 data centres across the state into two fit-for-purpose facilities
- Decade of Decentralisation – implementation of the policy initiative through the decentralisation of public sector jobs from the Sydney CBD to metropolitan and regional areas
- NSW ICT Strategy – implementation of a new strategic approach to the procurement and implementation of ICT in the NSW public sector to deliver improved service delivery and productivity
- Procurement Reform – establishment of a new operating model for government procurement
- ServiceFirst Outsourcing Program – outsource functions of ServiceFirst to achieve better service quality, improved customer satisfaction and timely access to new technologies through engaging world class providers.

OFS has procedures in place to monitor the outcomes of internal and external performance reviews, reports and inquiries, including monitoring and reporting on:

- internal and external audit recommendations, including Audit Office Management Letter recommendations and performance audits
- other recommendations made to OFS from external bodies, including: ICAC; the Coroner; reviews by external consultants, under OFS's Monitoring of Recommendations Framework.

Implementation and monitoring of recommendations arising from internal and external performance reviews allows OFS to strengthen its internal controls and improve its services. It also allows OFS to meet the performance expectations of government to support key initiatives and reforms.

Additionally, OFS tracks its obligations under the NSW 2021 State Plan, key government actions and commitments, and the Commission of Audit Recommendations to ensure performance targets are met and recommendations are implemented. Performance reports are given to the Chief Executive, and the Audit and Risk Committee.

## 5. Corporate governance

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### 5.1 Governance principles and framework

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OFS has a collaborative governance model providing broad corporate oversight across the agency, covering areas such as corporate finance, corporate planning and performance, governance and risk, internal audit and a network of project and program management offices.

OFS has in place the following governance principles:

- clear roles and responsibilities
- transparent and accountable decision making
- effective, efficient and ethical decision making
- respect for legal and regulatory requirements and high probity standards.

The primary governance body for the agency is the Executive Committee, which met regularly during 2014/15. The Executive Committee is supported by an Audit and Risk Committee which complies with NSW Treasury's *Internal Audit and Risk Management Policy for the NSW Public Sector, Office of Financial Management, Policy & Guidelines Paper, TPP09-05*.

The following units provide additional oversight of corporate governance functions:

- Enterprise Performance and Portfolio Management (EPPM)
- Legal, Audit and Risk
- Corporate Finance
- Office of the Chief Executive.

There are also a number of key governance support initiatives:

- Data Evidence and Analysis Network (DEAN)
- OFS Risk Network
- OFS Business Continuity Management Network.

#### Audit and compliance

##### **Office of Finance and Services Audit and Risk Committee**

During 2014/15, the agency had in place an Audit and Risk Committee, compliant with NSW Treasury's *Internal Audit and Risk Management Policy for the NSW Public Sector, Office of Financial Management, Policy & Guidelines Paper, TPP09-05*.

This committee met eight times to oversee financial reporting, internal control systems, risk management, corruption prevention, compliance systems and other regulatory requirements, and the internal and external audit functions.

#### Internal audit

The OFS Internal Audit Unit (IAU) provides independent and objective assurance and consulting advice to management to improve the effectiveness of risk management, control and governance processes. Each quarter, IAU reports to the Audit and Risk Committees and the Chief Executive on the risk-based internal audit work plan, and progress towards completion of the plan and implementation of recommendations.

During the year, IAU undertook 46 planned internal audits across the agency covering a wide range of front-line services and back office support functions. Key audits included: revenue collections; business continuity and disaster recovery; fines management; property and business licensing; emergency services – geospatial data; financial management; prequalification schemes; Enterprise Performance Portfolio Management; records management and privacy; ServiceFirst Outsourcing Project; and payment card industry data security standard compliance.

Additionally, IAU undertook a range of investigations into complaints and public interest disclosures about alleged misconduct, and provided advice to management on corruption prevention, risk and internal control improvements.

IAU is accredited to the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing and meets the requirements of *Treasury Circular TPP 15-03 – Internal Audit and Risk Management Policy for the NSW Public Sector*.

## External audit

The Audit Office of NSW has audited OFS' consolidated financial statements as at 30 June 2015 and issued an Unqualified Audit Opinion and Statutory Audit Report on 21 September 2015. The audit report highlighted the following significant governance matter.

Compliance Review - Financial Systems - Disaster Recovery Planning (DRP): StateFleet was one of the 31 agencies selected to participate in a review of Disaster Recovery Planning. The review was designed to provide limited assurance over compliance with the requirements of *NSW Government Treasury Directions – Section 744.05 'Disaster Recovery Plan'* and the *NSW Government Digital Information Security Policy*, referencing the DRP elements of ISO 27001.

The review assessed whether StateFleet:

- had up-to-date DRPs aligned with business recovery requirements
- had tested its DRPs to ensure they were effective

A limited assurance Independent Assurance Practitioner's Compliance Review Report (the Report) was provided to the Department in September 2015.

The report concluded that no matters came to the audit team's attention that indicated StateFleet did not materially comply with the requirements.

OFS has acknowledged audit assessment and included the following in its response.

OFS has an up-to-date DRP which is aligned with its business recovery requirements. The DRP test has indicated that it is operational and the test results have been reported to the management. The Office has performed a risk analysis of potential threats to the data, hardware and environment. A risk register is maintained which includes relevant strategies to address any potential risks. The Office has backup copies of all significant systems and data files stored in an off-site location. In addition, OFS' production and disaster recovery systems are residing in separate data centres, the production system is located at Ultimo and the non-production server is located at Unanderra.

The 2014/15 Audit Report to Parliament is expected to be tabled in November 2015.

## 5.2 Accessing Office of Finance and Services information

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### ***Government Information (Public Access) Act 2009***

The *Government Information (Public Access) Act 2009* (GIPA Act) requires NSW Government agencies to make mandatory disclosures of information, encourages proactive releases of information and provides mechanisms for individuals to apply to access government information. More

information on how to access departmental information is available at:

<https://www.finance.nsw.gov.au/accessing-ofs-information/how-can-i-access-ofs-information>

Statistical information relating to formal applications under the GIPA Act is provided in Appendix 8.11 Government Information (Public Access) statistics.

### **Review of proactive release program**

Under s7(3) of the GIPA Act, agencies must review their proactive release of government information program at least once every twelve months. As a result of ongoing review, the department proactively released information about programs and initiatives, updated answers to frequently asked questions based on community feedback, and provided statistical information about business operations.

### ***Privacy and Personal Information Protection Act 1998 (PIIP Act)***

The *Privacy and Personal Information Protection (PIIP) Act 1998* contains twelve information protection principles regulating the collection, use and disclosure of personal information by NSW public sector agencies. These principles ensure that agencies collect personal information for lawful purposes, and that such information is protected from misuse and unauthorised release.

NSW government agencies are required to prepare and implement a privacy management plan in accordance with section 33(1) of the *Privacy and Personal Information Protection Act 1998*. Following changes to the structure and functions of OFS during 2014/15, the department is in the process of reviewing the privacy management plan.

Additional information about how the department manages its obligations under the PIIP Act is available at <https://www.finance.nsw.gov.au/privacy-statement> .

### **Applications made under the *Privacy and Personal Information Protection Act 1998***

#### ***Access request applications under section 14 of the PIIP Act***

In 2014/15, OFS received no access applications by individuals requesting their personal information under the PIIP Act. However, OFS routinely dealt with informal requests by individuals requesting their personal information.

#### ***Applications for internal review of the conduct of OFS under section 53(1) of the PIIP Act***

In 2014/15, OFS received two applications for internal reviews under the PIIP Act.

## 6. Office of Finance and Services related entities' reports

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This section includes annual reports for some related entities:

- NSW Procurement Board report
- Waste Assets Management Corporation report
- Office of the Valuer General's report
- Surveyor General's report
- Registrar General's report
- Geographical Names Board of NSW report

### 6.1 NSW Procurement Board report

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#### Legislation

The *Public Sector Employment and Management Amendment (Procurement of Goods and Services) Act 2012* sets out the Government's procurement laws. On 24 February 2014 the procurement laws were transferred to the *Public Works and Procurement Act 1912*. On the same day, provisions within the Public Works Procurement Regulation 2014 replaced the procurement provisions of the repealed Public Sector Employment and Management Regulation 2009.

The new procurement laws allow agencies to manage and be responsible for their own procurement activities in accordance with accreditation issued by the NSW Procurement Board.

The legislation places obligations on agencies in relation to procurement activities, including to:

- exercise procurement functions in accordance with the Board's policies and directions
- adhere to the principles of probity and fairness
- obtain value for money in the exercise of procurement functions
- provide information on procurement functions to the Board as requested.

#### Procurement Board objectives and functions

The NSW Procurement Board is the agency established to oversee procurement across the public sector.

The Board's objectives are to:

- develop and implement a Government-wide strategic approach to procurement
- ensure best value for money in the procurement of goods and services by and for government agencies
- improve competition and facilitate access to Government procurement business by the private sector, especially by small and medium enterprises and regional enterprises
- reduce administrative costs for government agencies
- simplify procurement processes while ensuring probity and fairness.

The Procurement Board's functions include:

- overseeing the procurement of goods and services by and for government agencies

- developing and implementing procurement policies
- issuing directions to agencies
- monitoring compliance by agencies with the requirements of the Act
- dealing with complaints about the procurement activities of agencies
- developing procurement and business intelligence systems for use by agencies
- collecting, analysing and publishing data and statistics in relation to the procurement of goods and services by and for agencies.

While the Procurement Board can issue directions to agencies about the conduct of procurements or authorise them to carry out certain procurements, it does not have power to enter into contracts.

The Procurement Board is subject to the direction and control of the Minister for Finance, Services and Property in the exercise of its functions.

## Membership

During 2014/15 the following officers were members of the Procurement Board:

- Secretary of the Treasury (Chairperson)
- Secretary, Premier and Cabinet
- Secretary, Justice
- Secretary, Education and Communities
- Secretary, Family and Community Services
- Secretary, Health
- Secretary, Trade and Investment
- Secretary, Planning and Environment
- Secretary, Transport for NSW.

## Meetings

The NSW Procurement Board held five meetings in 2014/15. It also considered matters out of session on one occasion.

## Administration

The NSW Procurement Board's administrative support and its costs were met by the Office of Finance and Services and the agencies involved.

## The Board's goods and services work plan

The Procurement Board's *Strategic Directions Statement Update 2014-2015* contains the Board's general work plan for 2014/15. It has seven objectives:

- simplification and red tape reduction
- industry engagement
- innovation
- maximise opportunities for small and medium enterprises
- strategic and agile procurement
- effective category management across government
- support agencies in a devolved environment.

As at 30 June 2015, 97 per cent of the actions in the *Strategic Directions Statement Update 2014-2015* were complete and the remainder were underway.

Major activities contained within the *Strategic Directions Statement Update 2014-2015* included the following projects:

- require agencies to seek at least one quote from a small or medium-sized enterprise if purchasing goods/services valued up to \$1 million from major whole-of-government contracts
- accelerate the roll-out of Purchase Cards (Pcards) to improve the speed of payment to small businesses and increase transparency on these transactions
- create a procurement innovation stream for agencies to engage firms through direct negotiation on higher risk, short term contracts valued up to \$250,000 in order to do proof-of-concept testing or outcomes-based trials, with the initiative to be targeted at small or medium sized enterprises
- prepare a road map identifying procurement-related savings across all categories of goods and services expenditure to improve service delivery within the sector
- recognise businesses qualified to supply to the Australian Government as being eligible suppliers to the NSW Government, without additional red tape requirements.

The *Strategic Directions Statement 2013-2014* and the Board's 2014/15 work plan are available from the ProcurePoint website.

### Construction procurement policy

The NSW Procurement Board develops and implements the Government's construction procurement policy.

The Board's *Construction Procurement Work Plan 2014/15* contains 56 actions:

- encouraging best practice procurement on Government construction projects
- enhancing the reputation of the NSW Government as a customer
- reducing red tape on Government construction projects.

As at 30 June 2015, 84 per cent of the actions in the *Strategic Directions Statement Update 2014-2015* were complete and the remainder were underway.

Actions taken by the Board to reform construction procurement policy during 2014/15 included:

- ensuring that agencies are meeting their obligations under the prompt payment provisions in security of payment laws introduced in April 2014
- creating a new simplified prequalification scheme for construction contractors covering works valued up to \$1 million, available to all agencies
- implementing a new Aboriginal Participation in Construction policy
- reforming Government procurement practices by subjecting contractors engaged by Government to more comprehensive and more frequent financial assessments
- implementing a trial of trust accounts through project bank accounts on 10 government construction projects, applying the principles of the reformed Procurement Policy Framework to construction procurement policy.

The *Construction Procurement Work Plan 2014/15* is available from the ProcurePoint website.

## Procurement Policy Framework

The NSW Procurement Board oversees the government procurement system, setting policy and ensuring compliance. It has the statutory power to issue policy and directions to agencies, and monitor the progress of agency compliance.

The purpose of the Procurement Policy Framework is to set out the policy and operating framework for the NSW public sector procurement system. It provides agencies with a single source of guidance and rules on the procurement of goods and services.

The Procurement Policy Framework was developed by the Procurement Leadership Group for use by agencies and suppliers to government.

The Government's devolved model for procurement takes a less prescriptive approach than previous procurement policy. To this end, mandatory requirements within the Procurement Policy Framework are kept to a minimum. Additional material with the Procurement Policy Framework is provided as guidance, representing the NSW public sector's better practice for procurement.

An updated version of the Procurement Policy Framework came into effect from 1 October 2014.

From 1 January 2014, the NSW Procurement Board assumed responsibility for development and implementation of the Government's motor vehicle fleet policy. Actions are now underway to reform motor vehicle fleet policy. A category management working group was established to drive reform throughout 2014/15.

## Agency procurement accreditation scheme

The Government's devolved model for procurement is based on the principle that procurement is more efficient and effective if led at agency-level, provided agencies are properly equipped to plan, undertake and monitor procurement activities. Accordingly, in August 2012 the Procurement Board approved its Agency Accreditation Scheme for Goods and Services Procurement.

Under this Scheme, NSW Government agencies are able to undertake different levels of goods and services procurement based on assessed capability. The Scheme aims to:

- ensure procurement capability across NSW Government agencies
- connect agency procurement needs and requirements across government
- provide visibility of procurement activity and capability centrally and within agencies.

The Scheme's objectives are to:

- benchmark capability to undertake best procurement practice and provide a framework for continuous improvement
- reduce costs and manage risks through effective aggregation and improved procurement capability
- extend category leadership to lead buyer agencies as appropriate
- provide visibility of agency procurement activity through reporting by accredited agencies.

By 30 June 2015, 20 NSW Government entities had completed the Scheme's accreditation process. Combined, these agencies and other bodies accounted for more than 98 per cent of all expenditure on goods and services.

In September 2014 the Board approved a single principles-based accreditation scheme for both goods and services and construction procurement. The major changes include:

- aligning assessment criteria with the public sector capability framework

- simplifying scoring items and reporting requirements by deleting low value/duplicated items
- allowing for partial accreditation
- giving incentives for agencies to pursue continuous procurement improvement.

### Statutory reporting requirements

The NSW Procurement Board has a statutory requirement to report details of any directions given to the Board by the Minister for Finance, Services and Property. The Minister gave the Board no directions during 2014/15.

### Board subcommittees and advisory groups

The NSW Procurement Board is able to establish subcommittees and advisory groups to assist the Board under section 167 of the Act. The Board is supported by the Procurement Leadership Group, procurement category working groups and the Industry Advisory Group.

#### **Procurement Leadership Group**

The NSW Procurement Board established the Procurement Leadership Group, comprising senior procurement executives drawn from across the NSW public sector. The Group supports and advises the Board. Another important purpose of the Group is to achieve and maintain consistent approaches to procurement across agencies and senior procurement leadership within agencies. During 2014/15, the Procurement Leadership Group met on 12 occasions.

#### **Procurement category working groups**

The NSW Procurement Board has established category working groups around particular procurement categories. These cross-agency groups have or are devising strategies for purchases across the broad areas of energy, fuel, travel, ICT, workplace supplies, contingent workforce, business advisory services, legal services, fleet, construction and facilities management procurement. Category plans are published on the ProcurePoint website.

#### **Industry Advisory Group**

The NSW Procurement Board established its Industry Advisory Group to advise the Board by:

- providing expert advice about trends and opportunities in procurement of goods and services
- recommending options that respond to emerging procurement trends and issues
- advising on sector-wide procurement matters, including industry standards, future directions, procurement strategy, and the impact of the Government's procurement management decisions on industry and the non-government sector.

Industry Advisory Group members were selected following a public expression of interest process, which included eligibility requirements and selection criteria.

The members of the Industry Advisory Group are:

- Mr Garry Browne, Chief Executive Officer and Managing Director, Stuart Alexander & Co Pty Ltd (Chairperson)
- Mr Peter North AM, Chairman, Streeton Consulting Pty Ltd
- Ms Trudy Vonhoff, Non-executive Director, AMP Bank Limited
- Mr Alan Bennett, General Manager & Vice President, HP Enterprise Services, South Pacific (at time of appointment to Industry Advisory Group)
- Ms Irina Zvereva, Corporate Counsel, Caltex Australia Group

- Mr Nick Abrahams, Partner, Norton Rose Fulbright Australia
- Ms Michelle Stern, Managing Director, Enterprising IT Services Pty Ltd.

The Chairperson of the Procurement Leadership Group is a non-voting member of the Industry Advisory Group.

The Industry Advisory Group met on nine occasions in 2014/15.

The Group is not responsible for establishing or considering Government contracts. Its members do not represent or act on behalf of the Procurement Board or the NSW Government. Members receive a fee in accordance with the Public Service Commission's NSW Government Boards and Committees Remuneration Scale.

### **Construction Leadership Group**

The NSW Procurement Board established a governance framework for Government construction procurement policy through the Construction Leadership Group, comprised of senior executives drawn from across the NSW public sector. The Group supports and advises the Board. Another important purpose of the Group is to achieve and maintain consistent approaches to construction procurement across agencies and senior procurement leadership within agencies.

The Construction Leadership Group met on eleven occasions in 2014/15.

### **Construction Industry Advisory Group**

The NSW Procurement Board established an Industry Advisory Group to develop education campaigns to improve financial management skills in the sector, as well as to advise the Government on the impact of reforms and industry's capacity for further reform.

The members of the Construction Industry Advisory Group are:

- Ms Melissa Howard, Executive Director, Workplace Relations, Housing Industry Association
- Mr Lindsay Le Compte, Executive Director, Australian Constructors Association
- Mr Brian Seidler, Executive Director, Master Builders Association
- Ms Alexia Lidas, State Manager, NSW Consult Australia
- Ms Rita Mallia, President, Construction Forestry Mining and Energy Union (NSW)
- Ms Robyn Hobbs, NSW Small Business Commissioner
- Ms Justine Hall, Senior Policy Advisor, Insurance Council of Australia
- Mr David Castledine, Chief Executive Officer, Civil Contractors Federation (NSW).

Officers from the Office of the Small Business Commissioner and the Office of Finance and Services also attend meetings.

The Construction Industry Advisory Group is not responsible for establishing or considering government contracts. Its members do not represent or act on behalf of the Procurement Board or the NSW Government. Members are not remunerated.

The Construction Industry Advisory Group met on four occasions in 2014/15.

### **Procurement Board directions**

The NSW Procurement Board has the power to issue directions that set rules and guidelines for the procurement of goods and services by Government agencies.

The Procurement Board Directions in force as at 30 June 2015 were:

- Obligation by government agencies to use whole-of-government contracts

- Use of Procure IT when entering into an arrangement with a supplier for the procurement of ICT goods and services
- Multi-agency access arrangements
- Compliance
- Statement on the Promotion of Competition
- Approved procurement arrangements from 1 July 2013
- Scope for government agencies to support Aboriginal businesses
- Engagement of probity advisers and probity auditors
- Publishing procurement plans on the eTendering website
- Dishonest, unfair, unconscionable, corrupt or otherwise illegal conduct by suppliers
- Access to government contracting opportunities by small and medium sized enterprises
- Telecommunications procurement
- Procuring operational telecommunications and radio communications equipment
- Procurement innovation stream
- Procurement of goods and services on behalf of other government agencies
- Recognising suppliers to the Australian Government
- (Construction) Financial Assessments
- (Construction) Project Bank Accounts
- (Construction) Construction procurement policies and procedures – interim arrangements
- (Construction) Construction procurement prequalification schemes – interim arrangements
- (Construction) Agency accreditation scheme for construction - threshold for unaccredited work
- (Construction) Construction procurement prequalification schemes for work valued to \$1 million.

All Procurement Board directions, including withdrawn directions, are available from the ProcurePoint website.

### Procurement Board delegations

In December 2012, the NSW Procurement Board delegated the governance of procurement of ICT goods and services to the NSW ICT Board. This is designed to ensure that the ICT policies and strategies endorsed by the ICT Board are implemented with the right mix of procurement activity and contracts. In this case, ICT goods and services include hardware, services, networking, software, and telecommunications which constitute the ICT procurement category.

The ICT Board is an administrative body comprising the Secretaries of the principal Government departments, as well as the Chair of the ICT Advisory Panel.

For more information about the ICT Board, please see the NSW ICT Strategy website at <http://finance.nsw.gov.au/ict>.

## Complaints

The NSW Procurement Board deals with complaints about NSW Government procurement arrangements, including tendering and contracts.

During 2014/15, the Procurement Board received one complaint in relation to procurement within the Government. This complaint was referred to the relevant agency in accordance with the Board's complaint handling policy.

## 6.2 Waste Assets Management Corporation annual report

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The Waste Assets Management Corporation (WAMC) is a statutory corporation created under Section 16 of the *Waste Recycling and Processing Corporation (Authorised Transaction) Act 2010*, which commenced on 23 March 2010. Section 16(3) of the Act provides that WAMC has the following functions:

- a) to hold, on behalf of the Crown, WSN Environmental Solutions (WSN) assets acquired by it or transferred to it by or under this or any other Act and to conduct businesses, provide services and carry on activities that relate to or are incidental to the management of any WSN assets held by it,
- b) to undertake, on behalf of the Crown, the development for any purpose for the benefit of the State of any land comprising WSN assets held by it,
- c) such other functions in connection with WSN assets held by it as may be prescribed by the regulations,
- d) such other functions as may be conferred or imposed on the corporation by or under this or any other Act.

Since 3 April 2011, and according to clause 4(1)(a) of the Public Sector Employment and Management (Waste Assets Management Corporation) Order 2011, the Corporation has been subject to the control and direction of the Minister for Finance and Services (section 16 (2)).

Under clause 6 of Schedule 5 of the *Waste Recycling and Processing Corporation (Authorised Transaction) Act 2010* the Treasurer has designated that the WAMC annual report be included with the Office of Finance and Services (OFS) annual report.

## Operations

In parallel with the sale of the Waste Recycling and Processing Corporation, (trading as WSN Environmental Solutions, WSN), to the private sector (SUEZ/SITA Australia), various assets, rights and liabilities of the former WSN were vested in WAMC effective from 31 January 2011. Under those arrangements, WAMC took ownership of certain of WSN's landfills and other sites, plant and equipment located at those sites, and, in some cases, contractual obligations and liabilities associated with those sites. WAMC conducts its operations to achieve the following objectives:

- maximise efficiency of its land fill operations and other commercial activities
- maintain strong, stable and transparent relationships with stakeholders
- adopt a commercial approach to financial and operational arrangements
- ensure sound environmental practices and improved environmental outcomes are achieved at its sites.

The landfill sites transferred to WAMC are either closed or approaching closure, and all have the potential to impose significant environmental impacts. Some closed sites are currently public recreation space and others are likely to become public amenities in future.

WAMC provides specialised operational management in the following areas:

- operating one open landfill site at Eastern Creek 2, and managing its rehabilitation and maintenance, post-closure
- managing the rehabilitation and maintenance of eight closed landfill sites at Thornleigh, Merrylands, Grange Avenue, Eastern Creek 1, Castlereagh, Harrington Quarry, Lucas Heights 1 and Belrose (closed November 2014)
- monitoring and managing leachate treatment facilities at both the open and closed landfill sites
- managing joint venture landfill gas and energy systems to supply electricity into the grid as a sustainable and renewable energy source.

WAMC received 614,800 tonnes of solid waste materials at its operating landfills during the reporting period, which was 9 per cent above the budgeted volume of 565,500 tonnes. (WAMC's customer delivered additional tonnes to meet its commercial and operational objectives).

## Administration

OFS provides administrative support to WAMC.

Annual reporting requirements which include audit, financial reporting, human resources data and risks management information, are included in the OFS annual report.

WAMC's *Government Information (Public Access) Act 2009* and *Privacy and Personal Information Protection Act 1998* statistical information for 2014/15 is summarised in this report.

At 30 June 2015, 34 OFS staff positions were allocated to WAMC including personnel with expertise in landfill engineering and management, technical, environmental, planning, construction, financial and contract management.

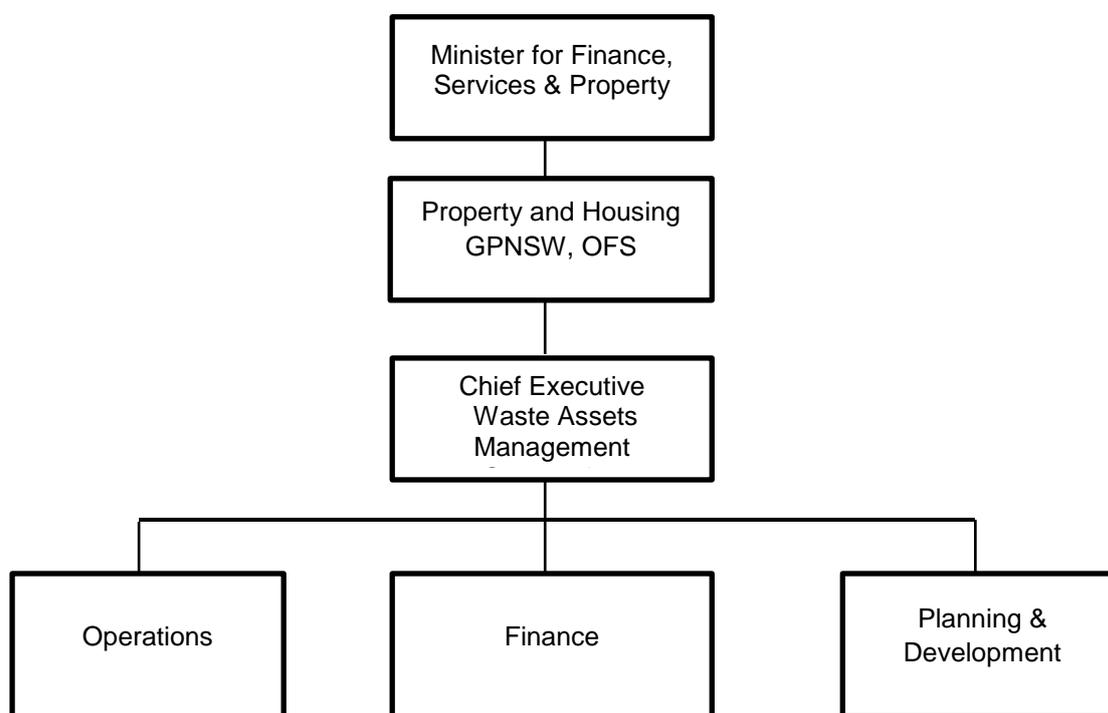
Employee numbers are recorded under Property and Housing Group in the OFS annual report.

Details of the number of senior executives and their remuneration are recorded in the OFS annual report.

Key personnel are:

Position	Name
A/Chief Executive	Anna Welanyk
Finance Manager	Phillip Stam
General Manager Operations	Chris Northey
Technical Manager	Sinnarajah Chandramohan
Gas and Leachate Manager	Ezio Di Giovanni

## Organisation chart as at 30 June 2015



### Financial management

WAMC operates a cash-neutral cost recovery financial model over the life of its landfill operations and energy generation phases and is intended to neither make material profits nor return dividends to the Government. WAMC's sources of revenue are through its operational landfill activities and gas to energy sales. Rehabilitation of closed landfills is funded through the WAMC Landfill Rehabilitation Fund, as established under section 7 of the Act. During the year to June 2015, WAMC's rehabilitation liabilities were reassessed to take into account recent falls in long term interest rates, regulatory changes and levels of future rehabilitation activities. WAMC financial statements, including its rehabilitation liabilities, for 2014/15 are included in the financial statements section of the OFS Annual Report.

### Surplus funds

In January 2011, the WAMC Landfill Rehabilitation Fund received funding of \$48.9 million estimated to meet all current and future closed landfill rehabilitation liabilities. NSW Treasury Corporation advice to NSW Treasury recommended these funds be invested between the TCorp Hour-Glass Cash Facility and the TCorp Hour-Glass Strategic Cash Facility. However, as per TC15-01 WAMC had to position its unrestricted cash within the Treasury Banking System as deposits in Westpac, and the restricted cash in Bank Term Deposits, still under the T-Corp Umbrella.

TCorp Facility	Return to WAMC
Bank Term Deposits	2.90%
Westpac (TBS)	2.00%

## Environment and safety

WAMC holds third-party certification for compliance with ISO 14001:2004 (Environment) and AS/NZS 4801:2001 (Occupational Health and Safety) management systems.

This accreditation supports WAMC's objectives of providing a safe work environment for staff and customers, implementing sound environmental practices and securing improved environmental outcomes for the business and the community.

## Renewable energy

Generator stations at WAMC's landfill sites generate 100,000 MWh (megawatt hours) of renewable energy annually by processing gas generated and captured within the landfills. Green credits and renewable energy are produced and 460,000 tonnes of climate-impacting carbon dioxide (CO<sub>2</sub>-e) atmospheric emissions are avoided in the process.

## Insurance

The NSW Treasury Managed Fund provides: motor vehicle, property, public liability and miscellaneous cover for the Waste Assets Management Corporation (WAMC) activities.

For the 2014/15 financial year, WAMC incurred insurance premiums totalling \$338,890 (public liability cover was \$255,990). Premiums were reduced from 2013/14 and reflected an improved claims history. Claims totalling \$168,169 were accepted and paid by the NSW Treasury Managed Fund.

## Consultancies

Consultancy services to \$27,905 were provided during the 2014/15 financial year.

## Payment of accounts

The table below highlights WAMC's account payment performance for 2014/2015

<b>ACCOUNT PAYMENT PERFORMANCE 2014-2015</b>	<b>1ST QTR</b>	<b>2ND QTR</b>	<b>3RD QTR</b>	<b>4TH QTR</b>	<b>TOTAL</b>
<b>ALL SUPPLIERS</b>					
<b>Value of Invoices Paid (\$'000)</b>					
Paid Before Due Date	36,807	23,736	24,813	22,199	<b>107,555</b>
<30 Days Past Due Date	5,794	121	74	54	<b>6,043</b>
>30<60 Days Past Due Date	28	2	18	9	<b>52</b>
>60<90 Days Past Due Date		11			<b>11</b>
>90 Days Past Due Date	16				<b>16</b>
<b>Total Value of Invoices Paid (\$'000)</b>	<b>42,645</b>	<b>23,869</b>	<b>24,900</b>	<b>22,262</b>	<b>113,677</b>
<b>% Paid on Time- By Value</b>	86%	99%	100%	100%	<b>95%</b>
<b>Number of invoices Paid</b>					
Paid Before Due Date	705	603	641	843	<b>2,792</b>
Days Past Due Date	37	40	19	27	<b>123</b>
<b>Total Value of Invoices Paid</b>	<b>742</b>	<b>643</b>	<b>660</b>	<b>870</b>	<b>2,915</b>
<b>% Paid on Time- By Number</b>	95%	94%	97%	97%	<b>96%</b>
<b>Interest Paid (I)</b>					
Number of Payments for Interest on					
Overdue Invoices	-	-	-	-	-
Interest Paid on Overdue Invoices	-	-	-	-	-

For all suppliers, the percentage of invoices paid on time for 2014/15 averaged 96% by number and 95% by value. The majority of payment delays are due to delays verifying the provision of technical services, verification of tares, and logistical difficulties.

## Risk management

### Internal Audit and Risk Management Statement for the 2014-2015 Financial Year for the Waste Assets Management Corporation

I, Anna Welanyk, Acting Chief Executive of the Waste Assets Management Corporation (WAMC), am of the opinion that the WAMC has internal audit and risk management processes in operation that are, excluding the exceptions described below, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 Internal Audit and Risk Management Policy.

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

Ministerially Determined Departure	Reason for Departure and Description of Practicable Alternative Measures Implemented
Core Requirement 1: The Chief Audit Executive should be appointed from within the agency by the Department Head.	In 2014-15 the Waste Assets Management Corporation's Chief Audit Executive is employed within the Office of Finance and Internal Audit Unit. Waste Assets Management Corporation has a dedicated Chief Audit Executive from the pool of

	qualified auditors in the Internal Audit Unit.
Core Requirement 2: An Audit & Risk Committee has been established.	<p>Full compliance with TPP09-05 would put an unreasonable administrative and cost burden on the entity.</p> <p>A review of the then, Department of Finance &amp; Services, now Office of Finance and Services, cluster arrangements for Audit &amp; Risk Committees was conducted to ensure that smaller related entities were relieved of the cost burdens of supporting their own Audit &amp; Risk Committees and to provide an equivalent coverage of their obligations under TPP09-05 through the sharing of the Department's resources. Consequently, the WAMC is clustered with the Government Property NSW and Teacher Housing Authority to form the Property and Housing Group Audit and Risk Committee. The Property and Housing Group Audit and Risk Committee is compliant to Core Requirement 2 of TPP 09-05 and the requirements for shared arrangements in TPP12-04.</p>
The determination by the Minister for Finance & Services in respect of these departures, dated 17 September 2013, is appended to this attestation statement. (Not included in the annual report)	

I, Anna Welanyk, am of the opinion that the WAMC ARC is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the WAMC ARC are:

- Mr Jon Isaacs, Independent Chair (period of appointment 31 October 2011 to 31 October 2015)
- Mr Ken Barker, Independent Member (period of appointment from 31 October 2011 to 31 October 2014)
- Ms Evelyn Bosak, Independent Member (period of appointment from 27 October 2013 to 27 October 2016)

This Audit and Risk Committee has been established under a Treasury/Minister approved shared arrangement with the following statutory bodies:

- Government Property NSW
- Teacher Housing Authority

These processes, including the practicable alternative measures implemented, provide a level of assurance that enables the senior management of the WAMC to understand, manage and satisfactorily control risk exposures.

As required by the policy, I have submitted an Attestation Statement outlining compliance with exceptions with the policy to the Treasury on behalf of the Treasurer.

**Anna Welanyk**  
**Acting Chief Executive**  
**Waste Assets Management Corporation**

**Digital Information Security Annual Attestation Statement for the 2014-2015 Financial Year for the Waste Assets Management Corporation.**

I, Anna Welanyk, Acting Chief Executive of the Waste Assets Management Corporation, am of the opinion that the Waste Assets Management Corporation has implemented an Information Security Management System during the financial year being reported on which is compliant with the Core Requirements set out in the Digital Information Security Policy for the NSW Public Sector.

I, Anna Welanyk, Acting Chief Executive of the Waste Assets Management Corporation, am of the opinion that the security controls in place, to mitigate identified risks to the digital information and

digital information systems of the Waste Assets Management Corporation are adequate for the foreseeable future.

I, Anna Welanyk, Acting Chief Executive of the Waste Assets Management Corporation, am of the opinion that all the Waste Assets Management Corporation Public Sector Agencies, or part thereof, under the control of the Waste Assets Management Corporation with a risk profile sufficient to warrant an independent Information Security Management System have developed an Information Security Management System in accordance with Core Requirements of the Digital Information Security Policy for the NSW Public Sector.

I, Anna Welanyk, Acting Chief Executive of the Waste Assets Management Corporation, am of the opinion that, where necessary in accordance with the Digital Information Security Policy for the NSW Public Sector, Waste Assets Management Corporation is transitioning towards adopting relevant practices aligned with AS/NZS ISO/IEC 27001 Information technology - Security techniques - Information security management systems.

**Anna Welanyk**  
**Acting Chief Executive**  
**Waste Assets Management Corporation**

## Government Information (Public Access)

**Table A: Number of applications by type of applicant and outcome<sup>1</sup>**

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	0	0	0	0	0	0	0	0
Members of the public (other)	0	0	0	0	0	0	0	0

1. More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

**Table B: Number of applications by type of application and outcome**

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications <sup>1</sup>	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	0	0	0	0	0	0	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

1. A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

**Table C: Invalid applications**

Reason for invalidity	No of applications
Application does not comply with formal requirements (section 41 of the Act)	0
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	0
Invalid applications that subsequently became valid applications	0

**Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to Act**

	Number of times consideration used <sup>1</sup>
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0

	Number of times consideration used <sup>1</sup>
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

1. More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

**Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of Act**

	Number of occasions when application not successful
Responsible and effective government	0
Law enforcement and security	0
Individual rights, judicial processes and natural justice	0
Business interests of agencies and other persons	0
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

**Table F: Timeliness**

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	0
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
<b>Total</b>	<b>0</b>

**Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)**

	Decision varied	Decision upheld	Total
Internal review	0	0	0
Review by Information Commissioner <sup>1</sup>	0	0	0
Internal review following recommendation under section 93 of Act	0	0	0
Review by Administrative Decisions Tribunal	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

1. The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

**Table H: Applications for review under Part 5 of the Act (by type of applicant)**

	Number of applications for review
Applications by access applicants	0
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

## Office address

Waste Assets Management Corporation

Level 4, 10 Valentine Avenue  
PARRAMATTA, NSW 2150

T: (02) 9685 4961

F: (02) 9372 7070

[www.wamc.nsw.gov.au](http://www.wamc.nsw.gov.au)

Business hours: 8.30am–5.00pm

ABN 56 784 733 957

## 6.3 Office of the Valuer General's report

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### Role of the Valuer General

The Valuer General oversees the State's land valuation system, providing valuations for rating and taxing; and determinations of compensation when land is compulsorily acquired.

The Valuer General is an independent statutory officer appointed by the Governor of NSW.

Independence from government provides:

- clear separation between the valuations and their use by the State Government and local councils for rating and taxing
- clear separation between the compulsory acquisition of land by Government and the determination of compensation payable to a former landholder.

### Responsibilities

The Valuer General is responsible for:

- the valuation of land for rating and taxing
- the determination of compensation when land is compulsorily acquired
- setting standards and policies for the valuation system which is managed by Land and Property Information (LPI)
- monitoring the management of contract valuers by LPI
- monitoring the quality of land values and services provided to the community by LPI
- providing professional leadership and stewardship to the valuation industry.

## Aims

The Valuer General's aims are to:

- provide excellent service to customers that is independent, transparent and easy to access
- ensure our customers feel they are treated fairly and respected
- make information readily available and understood by customers
- engage openly and actively with the community, industry and the Joint Standing Committee on the Office of the Valuer General (Joint Standing Committee)
- provide accurate, consistent and fair valuations, measured through independent monitoring and international benchmarks to provide a sound base for rates and taxes
- provide accurate determinations of compensation for land that has been compulsorily acquired
- deliver cost effective valuation services.

## Role of Land and Property Information

LPI manages the valuation system on behalf of the Valuer General.

The Valuer General delegates specific functions to LPI. The services and performance standards that LPI is required to deliver are detailed in a Service Level Agreement with the General Manager of LPI. This agreement is reviewed annually to ensure services are meeting stakeholders' needs.

LPI's activities include:

- establishing and managing valuation contracts
- monitoring the performance of contract valuers
- auditing and quality assuring land values
- determining compensation following the compulsory acquisition of land
- managing objections and appeals
- delivering customer service
- delivering valuations to agencies and the community.

LPI outsources the majority of land valuation services to external valuation firms. These firms are thoroughly scrutinised through an independent open tender and rigorous evaluation process.

## Governance of operations by the Valuer General

### **Governance board and steering committees**

The Valuer General has implemented a new governance structure to strengthen the oversight of the valuation system and LPI's activities. The Valuer General has established a governance board and steering committees and now chairs the Management Assurance Committee following a review of the management of risk.

The Valuation Joint Governance Board is responsible for setting strategic direction.

The steering committees oversee key service areas (rating and taxing valuations, compensation valuations, objections and appeals and the Register of Land Values). Their role includes setting standards, monitoring performance, approving programs and directing activities.

The Management Assurance Committee examines risk within the valuation system. The Committee oversees a structured risk management system implemented across business areas that are responsible for the identification, analysis, evaluation and treatment of risks.

### **Policies**

The Valuer General has published 23 valuation policies on the Valuer General's website.

The policies give valuers and the public clear guidance on a range of valuation methods and practices, and are contractually binding on valuers. They cover the majority of valuation types including single residential land, high density residential land, commercial land, industrial land and rural land.

Policies are reviewed annually and new policies will be published as they are developed.

## **Oversight of the Valuer General**

### **Parliament - Joint Standing Committee on the Office of the Valuer General**

The activities of the Valuer General are overseen by a Parliamentary Committee which is responsible for monitoring and reviewing the Valuer General's functions with respect to land valuations including valuation methodologies, arrangements for contracts and the standard of valuation services.

The Joint Standing Committee was first established in the 53rd Parliament in July 2003 and has published a number of reports including recommendations.

The Valuer General's major focus for the past year has been to implement recommendations from the report Inquiry into the NSW land valuation system to improve transparency, accountability, fairness and service to stakeholders.

### **Reporting**

The Valuer General reports administratively to the Minister for Finance, Services and Property and the Chief Executive of the Office of Finance and Services.

## **Report on performance**

Over the past year the Valuer General has led initiatives focused on:

- increasing transparency, accountability and fairness
- improving service to stakeholders
- delivering accurate values
- implementing the Joint Standing Committee's recommendations from the report Inquiry into the NSW land valuation system.

### **Customer engagement and issues management for rating and taxing valuations**

Customer service has been enhanced to give landholders more opportunities to ask questions, raise concerns and respond to information. A coordinator is appointed for all land value reviews to keep customers informed and address any concerns they raise.

A new dispute resolution process has been introduced for rating and taxing valuations and the majority of Valuation Services' staff received dispute resolution training. The process provides more opportunities for landholders to have conferences at different stages of the valuation or review process.

- All customers are entitled to:
  - an initial review conference at the time their property is inspected by a valuer
  - a review conference to exchange information prior to their objection being determined

- a post review conference to discuss their objection determination.
- All customers and stakeholders are entitled to a general conference where they require an outstanding issue or other dispute to be resolved
- Customers randomly selected for the Preliminary Report Pilot Project (see below) are entitled to a preliminary report conference, where they may provide additional feedback prior to an objection being finalised.

### **Land value review**

A new customer-centric land value review process was introduced to address procedural fairness requirements, enhance dispute resolution, improve data and reporting as well as improve timeliness and efficiency.

The new process offers more opportunities for customers to ask questions, provide information, make submissions and have conferences. The criteria for lodging objections have been expanded giving customers more opportunity to have their land value reviewed.

### **Preliminary Report pilot project**

A pilot project was initiated in 2014 to consider the impacts of enhancements to the land value review process. Customers in three local government areas were provided with a draft objection decision in a preliminary report and the opportunity to provide additional feedback prior to the review being finalised. The pilot project was broadly successful but provided insufficient evidence to fully assess the merits of preliminary reports and the impacts on customers and stakeholders.

In 2015 the pilot project was expanded to randomly sample 10 per cent of all objections to provide a statistically representative sample. The pilot project will be evaluated in late 2015 and will consider customer sentiment concerning procedural fairness, transparency and general satisfaction with the land value review process.

### **Land values on the NSW Globe**

From January 2015, land values for all properties in NSW were published on the NSW Globe. The NSW Globe is accessible from the Valuer General's website [www.valuergeneral.nsw.gov.au](http://www.valuergeneral.nsw.gov.au)

The NSW Globe gives anyone free access to find land values and property information throughout NSW. The land value information includes an aerial image of the parcel with:

- land values for the past five years (where available)
- the property number
- the address
- zoning information
- the valuing year used for council rates
- other valuation related information including links to fact sheets, the land value search and property sales report.

The availability of land values on the NSW Globe allows land values to be compared with previous and surrounding land values.

### **Determination of compensation**

The Valuer General has implemented a range of improvements to the determination of compensation process. A number of these have been in response to the Joint Standing Committee's recommendations and an independent survey initiated by the Valuer General. The survey evaluated the quality of information and service provided by LPI on behalf of the Valuer General during the determination process and also considered the landholders experience more broadly.

Improvements implemented:

- The Valuer General published the policy “Compensation following compulsory acquisition” which includes:
  - improved transparency through the sharing of information between the acquiring authority, landholder and the Valuer General
  - the requirement for valuers to meet with landholders during the inspection process and where possible address issues and concerns
  - disputes over matters of fact are to be resolved in consultation with stakeholders (where possible) prior to compensation valuations being completed
  - all relevant material and information provided whether from the landholder, acquiring authority or from the Valuer General's own enquiries will be considered
  - valuers are to be available for any conferences requested by the landholder or acquiring authority following the Valuer General's issue of a determination of compensation.
- The Valuer General published a brochure, Compulsory Acquisition NSW Valuer General's role. The brochure explains the Valuer General's role and responsibilities, who can acquire land for public purposes, purchase by negotiation, compulsory acquisition, what happens after the land is acquired, the Land and Environment Court, an explanation of terms, how to access expert valuation advice and contact information for the Valuer General. The brochure is available on the Valuer General's website.
- A coordinator is appointed for each determination to keep customers informed about the process and address any questions or concerns raised.

The Valuer General now writes to landholders, when notified that a proposed acquisition notice has been issued to explain his role, the action to be taken, information about the process and how to get assistance. A copy of the brochure Compulsory Acquisition NSW Valuer General's role is supplied.

Enhanced Certificate of Determination including the valuation report as an annexure. This ensures the acquiring authority provides the valuation report to the dispossessed landholder.

More information on the land acquisition process can be found in the Land Acquisition Information Guide, published by the NSW Government on the Department of Finance, Services and Innovation website. The Valuer General's website contains a link to this information.

### **Council liaison**

Formal information sessions are offered annually to councils that were issued with new valuations for rating. The sessions give information about the new land values, changes in values and provide a forum for discussion and questions. Forty-five councils received new valuations as at 1 July 2014 values, 33 councils took part in the sessions.

Overall, feedback from the councils was positive. The development of the information sessions for 1 July 2015 land values will take into consideration the feedback from councils.

### **Public information**

A project to improve the quality of written communication was undertaken. It included:

- reviewing and developing valuation information in plain English
- developing new templates for correspondence
- training of staff in using plain English.

A new format for the Notice of Valuation was adopted to improve clarity of information including the opportunity for review. A new fact sheet for valuing rural land was published.

## **Valuation reports**

The Valuer General initiated a review of reporting of final values by valuation contractors.

Outcomes from the review include the development of reporting standards, formats and the requirement that the reports be easier to understand by customers outside the property industry.

The new reporting requirements were implemented for contracts commencing from 1 March 2015.

## **Independent audit**

The Valuer General initiated an independent audit of Land and Property Information's quality assurance processes.

The Internal Audit Bureau (IAB) completed the audit in July 2014 and made several recommendations for improvements. The reforms proposed include:

- implementation of an enhanced strategic risk-based quality assurance program
- enhanced governance of quality assurance activities
- enhanced document management
- enhanced monitoring and escalation procedures
- establishment of efficiency and effectiveness benchmarks
- improved reporting of quality assurance activities.

LPI has begun to address the recommendations with local risk profiling implemented. It is expected that all recommendations will be addressed by the end of 2015.

## **International Property Tax Institute benchmarking study**

The Valuer General, in conjunction with other Australasian Valuers General, is funding an independent benchmarking study by the International Property Tax Institute (IPTI). IPTI is a not-for-profit organisation, widely recognised as the world's leading organisation on property tax policy and practice.

The purpose of the benchmarking study was to identify best practices and establish industry standards for property assessment and valuation agencies. The study seeks to identify opportunities for improvement in costs, efficiencies, valuation practices, administration and appeals. The study covers:

- customer service
- quality assurance
- communications with stakeholders
- statutory valuations
- objections.

The final report is scheduled for completion in late 2015.

## **Technology and systems development**

In July 2014 a program of works to improve business processes and information systems commenced.

Audit and issues register – a register to capture quality control activities, including tracking issues has been implemented. The register improves efficiency and facilitates improvements to valuation quality.

Just Terms Manager – a secure centralised register for determinations has been implemented. Stage 2, scheduled for the second half 2015, will provide additional tools and reporting.

Pilot study – extension of the pilot study initiated in 2014 and extended to 2015 will assess customer sentiments concerning procedural fairness, transparency and general satisfaction with the objection process.

Conference Manager – a system is in development to provide a central repository for conference information and reporting.

## Operations

### Valuations for rating and taxing

There were approximately 2.5 million land valuations produced. Each valuation was recorded in the Register of Land Values.

The overall average cost per valuation is \$17.53 per property. This was based on the costing methodology adopted by the Independent Pricing and Regulatory Tribunal (IPART) in its 2014 review of pricing of monopoly valuation services provided by the Valuer General to local government. The methodology included allocated costs for corporate services, operational ICT and access to spatial and titling information. These costs have not previously been included when determining the overall average cost per valuation in previous annual reports. For the 2013/14 financial year, the average cost per valuation was \$17.08.

Land value reflects the market value of the land as at 1 July in the year of valuation and is based on the value of land if it were vacant. The total land value for New South Wales as at 1 July 2014 was approximately \$1.12 trillion.

To determine 1 July 2014 land values, 43,000 property sales across NSW were analysed as part of the valuation process.

The following table shows the local government areas that received new land values as at 1 July 2014. These values will be used for rating from 1 July 2015.

Local government area	Number of Notices of Valuation issued	Local government area	Number of Notices of Valuation issued
Albury	21,481	Ku-ring-gai	33,588
Ballina	14,866	Lachlan	4,387
Balranald	1,620	Leichhardt	17,950
Bathurst Regional	17,834	Liverpool	55,240
Blacktown	101,911	Maitland	30,123
Boorowa	2,001	Manly	9,800
Bourke	2,032	Moree Plains	6,851
Canterbury	33,403	Mosman	6,918
Central Darling	1,883	Narrabri	7,013
Cobar	3,172	Richmond Valley	10,175
Coffs Harbour	27,090	Shoalhaven	56,710
Conargo	1,154	Sutherland	60,835
Cowra	7,398	The Hills Shire	55,855
Dubbo	17,127	Tumbarumba	2,604

Local government area	Number of Notices of Valuation issued	Local government area	Number of Notices of Valuation issued
Eurobodalla	23,837	Tweed	30,307
Gloucester	3,258	Upper Hunter	7,745
Goulburn Mulwaree	14,743	Warrumbungle	6,289
Great Lakes	23,644	Weddin	2,749
Gundagai	2,601	Wentworth	3,978
Harden	2,537	Wollondilly	17,185
Hawkesbury	23,813	Wyong	60,248
Hay	1,994		
Hornsby	46,747		
Hunters Hill	3,733	<b>Total notices issued</b>	<b>886,429</b>

LPI carried out formal quality assurance audits in each local government area to identify and address any issues with the quality and accuracy of the valuations before the values were accepted by the Valuer General and entered onto the Register of Land Values. These audits included:

- system-based data integrity checks
- assessing compliance with defined statistical measures
- checks on the quantity and spread of market analysis to support land values
- comparing the provision of allowances and concessions from the previous valuation
- reviewing valuations subject to objection in prior valuing years to determine whether the contract valuers have had regard to those decisions
- reviewing sales to land value ratios
- reviewing significant value changes
- comparison with an automated valuation model developed in conjunction with the University of Western Sydney.

To improve valuation quality, a verification program is in place. The program provides for the individual review of all land values and supporting data. The program was initially implemented in 2006. In 2012 the program was enhanced and extended to 2018.

The program adopts a risk-based approach which considers the complexity and nature of properties to determine the timeframe for verification. Over the six year period of the current program all land values in NSW will be verified. Those properties identified as having higher risk of valuation error are verified more regularly.

### Valuations for compensation

The Valuer General determines the amount of compensation to be paid to a former landholder when land is compulsorily acquired by Government.

The Valuer General also determines the amount of compensation paid for the transfer of NSW Government land between Government authorities. The Valuer General undertakes the determination of compensation in accordance with *Treasurer's Directions 92/2* (496.02 and 469.03).

For the 2014/15 year, the Valuer General has issued 244 determinations of compensation.

- 163 determinations of compensation were made under the *Land Acquisition (Just Terms Compensation) Act 1991*
- 81 determinations of compensation were made in accordance with *Treasurer's Directions 92/2 (496.02 and 469.03)*.

It is expected that the number of determinations of compensation will continue to increase in the coming years due to major Government projects to improve infrastructure. Where land cannot be acquired by negotiation, it is compulsorily acquired. When this occurs, the Valuer General will independently determine the amount of compensation to be paid to the former landholder.

Major projects include NorthConnex, WestConnex, North West Rail Link, Bridges for the Bush, the Northern Beach Hospital and Sydney Light Rail.

## Industry engagement

The Land Valuation Advisory Group (LVAG) monitors the quality of land valuations and provides a channel for communication between the Valuer General and stakeholders.

Membership consists of senior representatives of the property industry and stakeholders:

- Real Estate Institute NSW
- Australian Property Institute
- Local Government NSW
- Property Council of Australia
- Office of State Revenue
- Shopping Centre Council of Australia
- Office of Local Government.

The group met three times during the 2014/15 financial year. Principal matters for consideration were 2013 land values, 2014 valuation program and quality assurance activities, recommendations by the Joint Standing Committee, parallel valuations and the governance structure of the valuation system.

## Legislation

### ***Valuation of Land Act 1916***

The *Valuation of Land Act 1916* establishes the role of the Valuer General and provides the statutory authority for the valuation system.

The Valuer General regularly reviews the Valuation of Land Act 1916 to determine where amendments are required. There were no amendments made to the Act during 2014/15.

### ***Land Acquisition (Just Terms Compensation) Act 1991***

The *Land Acquisition (Just Terms Compensation) Act 1991* requires the Valuer General to determine the amount of compensation to be offered where property is compulsorily acquired.

## Pricing for valuation services

During the first half of 2014, IPART reviewed the pricing of monopoly valuation services provided by the Valuer General to local government.

IPART published its report in May 2014 setting prices for valuation services from 1 July 2014 to 30 June 2019.

IPART considered the Valuer General's costs of providing land valuation services for rating and taxing purposes, to be efficient and held prices constant in real terms for councils over the determination period.

## Finance

Financial management services for the Valuer General are provided by Land and Property Information (LPI).

### **Enhanced financial reporting**

In response to the Joint Standing Committee's recommendations on financial reporting, a new activity-based reporting system for the Valuer General, including overheads and revenue was introduced during the period. This reporting system is based on the IPART cost methodology and complements the improved financial reporting implemented in 2013/14.

The financial report below is generated using the new activity based reporting system. This report differs from financial reporting in the 2013/14 annual report which was based on the costing methodology developed to report to the Joint Parliamentary Committee. Additional information considered in the report below includes an allocation for corporate costs, costs for access to spatial and titling information, operational information and communication technology costs.

Costs of the NSW Crown Solicitor's Office for the provision of valuation related legal services are funded through the Attorney General's core fund. These costs are not recorded in this report as they are not met by the Valuer General and are not included in the charges to rating and taxing authorities. For 2014/15, the cost of valuation related legal services was \$1,568,000.

## Valuation system financial report 2014/15

Valuer General Report 2014/15 (Distribution reflects IPART costing methodology)	Mass Valuations (\$'000)	Land Management and Supplementary Valuations (\$'000)	Objections to Court (\$'000)	Objections Review (\$'000)	Communications (\$'000)	Administrative Costs (\$'000)	Audit (\$'000)	Total Mass Valuations (\$'000)	Valuer General Office (\$'000)	Just Terms (\$'000)	Special Valuations (\$'000)	Total Valuations (\$'000)
<b>Total revenue</b>	42,131	0	0	0	0	0	0	42,131	0	1,802	3,699	47,631
Salaries & on-costs	2,618	3,242	35	851	805	2,896	651	11,098	1,180	476	1,025	13,779
Other staff related	29	47	1	13	11	39	5	144	12	5	14	175
Accommodation and maintenance	152	238	3	65	59	198	39	755	0	27	58	840
Postage & phones	10	4	0	6	428	5	0	453	0	0	0	453
Production	26	7	0	3	0	17	0	53	2	0	0	55
Electronic data processing	31	4	0	12	0	23	0	70	4	0	0	74
Travel & motor vehicles	131	53	1	20	18	91	32	345	3	25	58	430
Contractors & consultants	272	0	0	2	0	0	8	282	167	0	0	449
Valuation contracts	18,574	0	0	2,654	0	0	36	21,264	0	861	666	22,791
Other	42	9	0	2	0	12	0	65	2	0	0	68
Depreciation	244	82	0	9	0	18	0	354	4	0	0	358
<b>Total direct valuation and Valuer General Office (VGO) expenses</b>	<b>22,130</b>	<b>3,687</b>	<b>39</b>	<b>3,636</b>	<b>1,321</b>	<b>3,299</b>	<b>771</b>	<b>34,884</b>	<b>1,376</b>	<b>1,394</b>	<b>1,820</b>	<b>39,474</b>
Corporate overheads	542	830	9	233	213	691	122	2,640	0	100	211	2,951
ICT operational	435	677	7	185	169	551	111	2,136	0	80	163	2,379
Spatial	161	253	3	67	64	210	42	799	0	30	63	892
TRS	640	0	0	0	0	0	0	640	0	0	0	640
Graphic services	0	0	0	0	1,431	0	0	1,431	0	0	0	1,431
<b>Total indirect costs</b>	<b>1,778</b>	<b>1,760</b>	<b>20</b>	<b>485</b>	<b>1,876</b>	<b>1,451</b>	<b>275</b>	<b>7,646</b>	<b>0</b>	<b>210</b>	<b>437</b>	<b>8,293</b>

Valuer General Report 2014/15 (Distribution reflects IPART costing methodology)	Mass Valuations (\$'000)	Land Management and Supplementary Valuations (\$'000)	Objections to Court (\$'000)	Objections Review (\$'000)	Communi- cations (\$'000)	Adminis- trative Costs (\$'000)	Audit (\$'000)	Total Mass Valuations (\$'000)	Valuer General Office (\$'000)	Just Terms (\$'000)	Special Valuations (\$'000)	Total Valuations (\$'000)
Total expenses	23,908	5,447	59	4,121	3,198	4,750	1,046	42,529	1,376	1,604	2,257	47,767
Surplus / (Loss)	18,222	(5,447)	(59)	(4,121)	(3,198)	(4,750)	(1,046)	(399)	(1,376)	198	1,441	(135)

\* Salaries and On-costs exclude all Superannuation expenses from the General Ledger. These amounts are volatile over time and are replaced with a calculated figure equal to 11% of the total of Salaries and Wages, Recreation Leave and Overtime.

All amounts have been rounded to the nearest thousand dollars (\$'000), which has resulted in minor rounding errors in some totals and subtotals

\* This report includes all costs for the Office of the Valuer General and valuation related costs for Land and Property Information.

## Office of the Valuer General Key Performance Indicators

Key Performance Indicators	2010/11	2011/12	2012/13	2013/14	2014/15	Target
Total valuations issued for rating and taxing purposes	1,578,466	1,830,466	1,689,220	1,725,392	1,850,887	–
Total valuations on Register of Land Values at 30 June	2,441,947	2,455,600	2,470,531	2,485,796	2,505,206	–
Total Notices of Valuations issued	793,297	922,863	854,094	827,302	947,666	–
<b>Customer Service</b>						
Total number of calls	27,909	35,890	34,255	31,286	23,641	–
% of calls resolved on first contact	90%	91%	92%	93%	82% <sup>1</sup>	85%
% of calls responded to within 3 days	72%	99%	99%	98.83%	98.3%	90% <sup>2</sup>
<b>Rate Payers</b>						
% Notices of Valuation issued within 31 days	95%	93%	97%	92%	96%	95%
% Notices of Valuation for general valuation issued to property owners within agreed SLA timeframe	100%	100%	100%	100%	100%	100%
% general valuations land values issued to relevant councils within agreed SLA timeframe	100%	100%	100%	100%	100%	100%
% supplementary valuations to councils within 31 days	100%	100%	100%	100%	100%	100%
<b>Office of State Revenue</b>						
% objections to land values for land tax completed within 90 days	86%	86%	60%	63%	77%	85% <sup>3</sup>
% objections to land values for land tax completed within 120 days	98%	96%	75%	77%	94%	90% <sup>4</sup>
% objections to land values for land tax, where land value is greater than \$1m, within 120 days	93%	94%	79%	78%	93%	95%
% of final land values issued to OSR by 15 November	100%	100%	100%	100%	100%	100%
<b>Supplementary valuations</b>						
Total supplementary valuations issued	39,465	50,906	52,321	53,767	81,225 <sup>5</sup>	–
Average days to complete	39 days	34 days	34 days	33 days	36 days	<65 days

Key Performance Indicators	2010/11	2011/12	2012/13	2013/14	2014/15	Target
<b>Statistical quality measures for land values</b>						
% Council areas meeting all standards – Residential <sup>6</sup>	91.3%	91.6%	93.8%	97.7%	98.5%	90%
% Council areas meeting all standards - Business/Industrial <sup>6</sup>	78.8%	91.1%	85.3%	86.1%	89.4%	85%
% Council areas meeting all standards – Rural <sup>6</sup>	67.5%	72.3%	77.7%	78.5%	85.2%	75%
<b>Objections</b>						
Number of objections received for all valuing years	4,899	5,684	6,249	4,814	4,933	–
Number of objections completed for all valuing years	5,259	4,972	5,994	5,725	4,346	–
Number of objections received as a % of valuations issued	0.31%	0.31%	0.37%	0.28%	0.27%	–
% objections to land values completed within 90 days <sup>7</sup>	86%	84%	59%	67%	76%	80% <sup>8</sup>
% objections to land values completed within 120 days <sup>7</sup>	97%	96%	73%	80%	92%	90%
% objections to land values completed within 180 days <sup>7</sup>	99%	99%	96%	96%	99%	98% <sup>9</sup>
Average number of days to complete objections <sup>7</sup>	61 days	58 days	89 days	81 days	69 days	75 days <sup>10</sup>

1. Manually calculated as outsourced call centre withdrew at short notice and calls were brought in house.
2. KPI of 95% was changed to 90% in 2014/15.
3. KPI changed in 2011 from 30% to 85% completed in 90 days.
4. KPI changed in 2011 from 75% completed in 180 days to 90% completed in 120 days.
5. Increase in supplementary valuations due to new LEPs issued in local government areas.
6. Where an appropriate number of analysed sales (five or more) is not available for a zone, the local government area is not included in the measure. Statistics published in the 2009/10 Annual Report included all zones for all local government areas; these are now updated in accordance with the new basis.
7. Enhanced Quality Assurance process introduced in 2012/13 increased time taken to process objections.
8. KPI of 85% changed to 80% in 2014/15.
9. KPI of 95% changed to 98% in 2012/13.
10. KPI of 90 days changed to 75 days in 2012/13.

## 6.4 Surveyor General's report

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The Surveyor General of New South Wales is the Government's principal advisor on surveying and spatial information. The position's statutory functions cover survey and positioning infrastructure, geographical naming and maintaining the integrity of the State's cadastre.

In 2014/15, Land and Property Information, on behalf of the Surveyor General:

- continued to expand and enhance the Continuously Operating Reference Station Network (CORSnet NSW) to 170 operational stations providing basic (DGPS) services to 99 per cent of population areas of the State with 70 per cent coverage of high-precision (two centimetres) positioning services.
- three of the new stations commissioned were funded by Geoscience Australia as part of the 'GPS in Schools' including two stations in the ACT. NSW Public Works was also a partner, providing project management and liaison with interested high schools. This initiative will see high school students able to access high precision positioning services to better understand and learn about how physics, mathematics and geography are applied to real world applications and the technology solutions. This initiative also supports surveying career development through the NSW Surveying Taskforce.
- completed work for the preferred site for a new regional Electronic Distance Measuring (EDM) baseline at Coffs Harbour. These baselines enable surveyors to calibrate their measurement technology ensuring legislative compliance.
- maintained National Association of Testing Authorities (NATA) accreditation as a verifying authority under the provisions of the *National Measurement Act 1960*.
- supported State-significant infrastructure projects, worth more than an estimated \$20 billion, including Pacific Highway and north western Sydney arterial upgrades, West Connex, Badgerys Creek airport and North West Rail.

The Surveyor General continued to support the promotion, education and skills of the surveying and spatial information industry and the preservation of surveying history through:

- the Surveyor General's Undergraduate Scholarship in Surveying
- the Surveyor General International Fellowship in Surveying and Spatial Information – 2014/15 winners were Adrian White and Thomas Grinter
- chairing the New South Wales Surveying Taskforce
- sponsorship of the NSW Excellence in Surveying and Spatial Information Awards.

The Surveyor General provided leadership and strategic direction for the surveying and spatial information sector by:

- endorsing 'Cadastre 2034' a National Strategy for Cadastral Reform and Innovation for Australia, developed by ICSM, the ANZLIC Committee on Surveying & Mapping
- initiating the Cadastre NSW 2020 Research Project to engage with key stakeholders to clarify potential improvement in the way cadastral information is sourced, managed and delivered in NSW
- releasing the NSW Address Policy; the NSW Retrospective Address Policy and the NSW Addressing User Manual (through the Geographical Names Board) for use by State and Local Government and address users and suppliers
- continuing to support Geoscience Australia with the next generation datum modernisation project

- participating in the development of a National Positioning Infrastructure Project.

The Surveyor General is a key member and Chair of the NSW Location Leadership Group (LLG), the peak government group for Spatial and Location Information Policy and Strategy in the state. During the year the LLG met four times and through the ICT Governance Framework:

- approved for publication and release Version 2.0 of the NSW Foundation Spatial Data Framework, aligned with the NSW Open Data Policy and the NSW Location Intelligence Strategy, making these important NSW Government information assets available for use across all sectors of government, industry and the community
- released a number of spatial data web services including, but not limited to, points of interest, cadastre, imagery, administrative boundaries and address location service
- approved and released a NSW Planning and Environment Spatial Data Framework to ensure a single point of truth for core value, high demand planning and environmental datasets. This will ensure planning data is readily discoverable and accessible online
- established the Cadastre NSW Working Group to formalise stakeholder engagement and a whole-of-government approach to improving the cadastral information supply chain
- released Australian Bureau of Statistics geographical standard boundaries and land valuation data on the NSW Globe.

## 6.5 Registrar General's report

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The Registrar General maintains the NSW land titles system, which underpins over \$130 billion dollars of economic activity in NSW each year. This includes the creation and maintenance of land titles records evidencing legal ownership and registered interests for land parcels and the examination and registration of plans and documents relating to land within NSW, while ensuring compliance with statutory requirements and protecting the integrity of the State's cadastre. The NSW Government guarantees security of ownership for registered landowners recorded in the NSW land title system, ensuring confidence in the land title system.

The continued strength of the New South Wales property market in 2014/15 resulted in the highest volume of property transactions in the past decade, with 900,672 dealings lodged for registration. This was a 6.669 per cent increase on the already high volume of total dealings lodged at LPI in 2013/14.

Deposited plan lodgments increased by 7.77 per cent from the previous year and strata plan lodgments were 10.20 per cent higher than in 2013/14. In 2014/15, 53,667 new lots were created; 30,651 from deposited plans and 23,016 from strata plans an increase of 18.20 per cent overall on 2013/14 results. A further 5,420 Old System, Crown and manual Torrens Title land parcels were converted to electronic titles in 2014/15, held within the Integrated Titling System. There were also 1,257 Lease Folios created.

To ensure the retention and ongoing development of land titling expertise, LPI recruited 11 trainee titling officers in January 2015.

The Registrar General also ensures that the legislative framework supporting the land titles system remains relevant and is responsive to the needs of the community. During 2014/15, LPI continued administering amendments to legislation and regulations on behalf of the Registrar General. On 1 September 2014, the Real Property Regulation 2014 replaced the Real Property Regulation 2008 as part of the Government's commitment to review regulations every five years.

## **National electronic conveyancing**

Property Exchange Australia (PEXA) is the national electronic conveyancing platform operated by PEXA Ltd that enables completion of property conveyancing transactions online. PEXA has been operational in NSW since October 2013.

LPI supports PEXA's ongoing development of the system by developing and implementing changes required to external facing and internal systems, implementing business practice changes and introducing enabling legislation. The program made significant progress in the 2014/15 financial year. Since the introduction of transfers and electronic settlements, transaction volumes have been regularly increasing by over 10 per cent month on month as industry recognises the benefits of electronic conveyancing. Current PEXA subscribers include ANZ, CBA, NAB, Westpac, SunCorp, Teachers Bank, Bank MECU and over 400 conveyancers.

NSW successfully implemented auto-registration, resulting in over 90 per cent of mortgages and discharges lodged through PEXA being automatically registered. In November 2014, PEXA transactions were expanded to include financial settlement and the lodgment of transfers, caveats and withdrawals of caveat. Since November 2014, solicitors and conveyancers have been able to join PEXA as subscribers and transact through PEXA as well as the Office of State Revenue for duty validation. The first electronic caveat was lodged on 12 November 2014 and the first transfer settled on 24 November 2014. A further release in April 2015 widened the scope of caveats and mortgages that can be lodged online in NSW.

## **Torrens Assurance Fund claims**

The Torrens Assurance Fund (TAF) supports the State Government guarantee of land title for registered landowners. The TAF provides compensation payments to registered landowners for any loss suffered as a result of fraud or error in title registration.

The Registrar General can settle claims against the TAF of up to \$500,000. During the 2014/15 financial year, the Registrar General settled 40 claims for compensation and payments made in response to claims against the TAF totalled \$1,484,341. The Registrar General was successful in several litigation matters involving claims for TAF compensation and was awarded costs.

## **Boundary determinations and survey audits**

Boundary determinations resolve disputes between land owners over the location of a boundary. LPI's cadastral integrity surveyors investigate, determine and resolve boundary disputes on behalf of the Registrar General in accordance with Part 14A of the *Real Property Act 1900*. Last year 10 boundary determinations were lodged with the Registrar General, eight in Sydney metropolitan and two in regional NSW.

LPI also conducts survey audits to ensure that surveyors are complying with the relevant acts, regulations and determinations when they submit plans to LPI for examination, registration and creation of new titles to land. The surveys aim to improve the quality and consistency of deposited plans lodged for registration.

In 2014/15, LPI carried out 235 audits across NSW, with 152 of those in the Sydney metropolitan area and the remaining 83 in regional NSW. The majority of audits were carried out on unregistered plans with 86 audits on registered plans.

## **Digital plan processing system**

LPI continues to develop services to facilitate digital plan lodgments in XML format, which offers a streamlined and more efficient system for surveyors. During the year, a rendering service was released through the Spatial Information eXchange (SIX) portal to enable surveyors to automatically render an image of their plan onto an approved LPI Deposited Plan form during lodgment.

Once major enhancements to the rendering service are completed, LPI expects that the advantages for surveyors using this service will be a catalyst for an increase in XML lodgments.

## Surveyors copyright in survey plans

In 2008, the High Court found that surveyors own copyright in their registered plans and are entitled to remuneration when LPI or licensed information brokers sell copies of their plans. As a result of the High Court judgement and subsequent orders issued by the Copyright Tribunal of Australia in 2013, LPI must pay the Copyright Agency Limited (CAL) a royalty for every plan copy sold since 1 January 2013 where a surveyor who is a member of CAL prepared the plan. LPI must also make provisions to pay royalties to surveyors who are not members of CAL for copies of plans sold from 1 January 2013.

More than 600 surveyors, surveying firms and family trusts are now members of CAL. On 3 September 2014, LPI paid the agreed \$2.25 million lump sum to CAL for plan copies supplied by LPI and licensed information brokers for a fee prior to 31 December 2012.

The data exchange process between LPI and CAL to support copyright payments to CAL member surveyors began in the 2014/15 financial year. On 18 September 2014, CAL supplied lists and invoices for copies of plans sold between January 2013 and March 2014. LPI made their first payment to CAL on 2 November 2014 and subsequently in the 2014/15 financial year there were three more quarterly exchanges of data and two payments by LPI.

## 6.6 Geographical Names Board of NSW report

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The Geographical Names Board (the Board) was established in 1966 to ensure that NSW's place names are standardised and appropriate. To do this, the Board works with the community through Local Councils to determine the spelling, pronunciation and meaning of place names. Furthermore, the Board has the responsibility to determine the position and extent of these names. The Board also resolves issues relating to the duplication of place names so as to minimise confusion and improve the efficiency of the NSW addressing system.

The Board recognises that standardised place names and street addresses are essential for delivering emergency and everyday services such as mail and utilities. Accordingly, place names and addresses need to be unambiguous, unique and comply with known standards and protocols. The Board focuses on ensuring that the place names in NSW do this and works closely with LPI to improve the place name fabric of the State.

The Board focuses on recognising the local community when naming places within NSW. It strongly encourages place name proposals that commemorate the achievements of local community members and placenames that recognise the State's Aboriginal heritage and multicultural values.

### Key achievements

After extensive consultation with NSW stakeholders, the Board formally endorsed the final versions of the NSW Address Policy, the NSW Retrospective Address Policy and the NSW Addressing User Manual on 31 March 2015. The policies and guidelines were developed in response to the need for a quality and service-driven approach to addressing in NSW. The policy and guidelines are an extension of the *AS/NZS 4819:2011 Australian and New Zealand Geographic Information - Rural and Urban Addressing Standard*.

These policies and guidelines support the Board's activities in relation to the formalisation of authoritative address information. This year the Board gazetted changes to 11 address localities and evaluated 792 road names through its online road naming system.

The Board's commitment to recognising Aboriginal culture was demonstrated by the recognition of the traditional Aboriginal name for Bathurst's Mount Panorama. The Board worked with local Aboriginal people and Bathurst Regional Council to formally assign the dual name of Wahluu to the mountain. This proposal assists in the reconciliation process by recognising for generations to come the importance of Wahluu to the Wiradjuri people.

## Aims and objectives

The Board's vision is to be recognised by communities as the authoritative body for location based naming in New South Wales. To achieve this vision the Board's strategic plan includes objectives to:

- improve data quality to meet the needs of the community, partners and customers
- ensure that appropriate communications are in place to raise the awareness of the Board and its functions
- establish an appropriate framework to support the Board and achieve its outcomes
- maximise the use of technology as an enabler to support the strategic directions of the Board.

## Report on operations

### Street addressing in NSW

The release of the NSW Address Policy is supported by a number of other initiatives that strive to improve addresses in NSW. The Board has worked closely with LPI and local councils to continually improve the road naming system which is supported by the NSW Online Road Naming System. The Board has also appointed the NSW Addressing Committee to provide advice and manage issues that are raised by local councils.

### Aboriginal place naming

Apart from Wahluu, the Board also assigned the dual name Balawan. This name is used by Aboriginal people in south-east NSW as the traditional name for Mount Imlay. The Board also assigned a further 10 new place names that acknowledge Aboriginal culture in NSW.

### Commemorative naming

The Board commemorated 25 important local individuals, historical places and events. These place names recognise a broad array of achievements, from acknowledging war heroes to commemorating quiet achievers who have contributed to their respective community. Some of these names also recognise cultural diversity in our community by acknowledging local Australians from various ethnic backgrounds who have gained success in a particular area..

### Performance figures

The following table gives a breakdown of the placenames that were formalised in the reporting year in comparison to previous years.

Designation	2011/12	2012/13	2013/14	2014/15
Address locality names and boundaries	116	19	24	11
Road names	1,563	1,334	1,687	792
Dual names	0	0	0	2
Other place names	218	261	133	202

Figures for the determination of address locality and road names have reduced in comparison with previous years. This is due to the successful completion of programs to formalise existing names, officially assigning names that were already in use.

## Governance

### Functions of the Board

As set out in the *Geographical Names Act 1966*, the Board has the following powers and functions:

- assign names to places
- approve that a recorded name of a place shall be its geographical name
- alter a recorded name or a geographical name
- determine whether the use of a recorded name or a geographical name shall be discontinued
- adopt rules of orthography, nomenclature and pronunciation with respect to geographical names
- investigate and determine the form, spelling, meaning, pronunciation, origin and history of any geographical name
- investigate and determine the application of any geographical name with regard to position, extent or otherwise
- compile and maintain a vocabulary of Aboriginal words used or suitable for use in geographical names and to record their meaning and tribal origin
- compile and maintain a dictionary of geographical names with a record of their form, spelling, meaning, pronunciation, origin and history
- publish a gazetteer of geographical names
- inquire into and make recommendations on any matters relating to the names of places referred to it by the Minister
- may compile, maintain and publish a list of road names.

The Board seeks to abide by these statutory provisions by adopting nomenclature policies and procedures which are both nationally and internationally recognised.

### Board members and attendance

Members are appointed to the Board in accordance with the provisions set out in section 3 of the *Geographical Names Act 1966*. The table below shows the current Board members and the number of meetings attended by each:

Members of the Board	Board meetings (5 meetings)
Mr Des Mooney Surveyor General of NSW. Ex-officio position.	4
Mr Paul Harcombe Nominee of Chief Executive, Land and Property Information. Ex-officio position.	5
Mr Richard Neville Nominee of the State Librarian. Ex-officio position.	2
Mr James Mathew (Proxy for Mr Peter Downs – Retired) Nominee of the Department of Planning. Ex-officio position. (Appointed by instrument in writing)	2
Mr Marcus Ray Nominee of the Department of Planning. Ex-officio position. Term expires May 2020	3
Mr Terry Kass	4

Members of the Board	Board meetings (5 meetings)
Nominee of the Royal Australian Historical Society. Term expires February 2017.	
Cr Julie Hegarty Nominee of the Local Government and Shires Association of NSW. Term expires February 2017.	5
Dr Emma Ruth Power Nominee of the Geographical Society of NSW. Term expires February 2017.	4
Mr Dallas Rogers (Proxy for Dr Emma Ruth Power) Nominee of the Geographical Society of NSW. (Appointed by instrument in writing)	1
Mr Malcolm Davies (Proxy for Mr Roy Ah-See - retired). Nominee of NSW Aboriginal Land Council. (Appointed by instrument in writing)	2
Mr Lesley Turner (Proxy for Mr Roy Ah-See - retired). Nominee of NSW Aboriginal Land Council. (Appointed by instrument in writing)	1
Mr Phil Duncan Nominee of NSW Aboriginal Land Council. Term expires February 2017.	1
Mr Felice Montrone Nominee of the Community Relations Commissioner. Term expires February 2017.	2

### Counsellors and attendance

Section 6 of the *Geographical Names Act 1966* provides the Board with authority to appoint counsellors to advise it on matters within its powers and functions. The table below provides details on these counsellors:

Counsellors <sup>1</sup>	Board meetings (5 meetings)
Dr Peter Orlovich, Historical Advisor	5
Dr Jakelin Troy, Linguistic Advisor	2
Ms Julie Christie, Australia Post Addressing Advisor	4
Mr Graham Chapman, NSW Fire & Rescue Advisor	4
Mr Peter Naidovski, UDIA, Development Issues Advisor	1
Mr Kwabena Ansah, UDIA, Development Issues Advisor (replaced Peter Naidovski)	1
Mr Stephen Albin, UDIA, (replaced Kwabena Ansah)	1

### Board meetings

The Board met formally on five occasions during the year. Five members form a quorum. The Surveyor General of NSW in his position as chair has a deliberative vote and casting vote.

### Board committees

In compliance with section 5.1 of the New South Wales Addressing Policy, the Board has appointed the NSW Addressing Committee. This committee comprises addressing expertise from several areas in LPI including addressing applications, topography, cadastral, data delivery and the Board's secretariat. Other experts are called on as required to deal with other specialist areas.

The committee is in place to support the addressing process in NSW and is a particular resource of expertise and guidance for local government. It operates within the framework of the NSW Address Policy, the NSW Addressing Guidelines and the NSW Retrospective Address Policy.

The Board also continues to support both Place Names Australia, which is a voluntary non-profit association that aims to prepare a national online database of all Australian place names and the Committee of Geographical Names of Australasia (CGNA), which coordinates place-naming activities across Australia and New Zealand.

### **Administration**

Section 4 of the *Geographical Names Act 1966* makes provision for a secretary and other officers to administer the Act. To carry out this function Land and Property Information (LPI) employs a secretariat which consists of four staff members. LPI also provides further administrative and technical support to assist the Board in its day-to-day operations.

### **Future focus**

The Board is committed to reviewing its place naming policies in the upcoming year to complement its newly published address policy and user manual. This review's objective is to develop a cohesive, comprehensive, consistent set of policies for geographical naming in NSW. The Board plans to produce new policy and reference manuals, guidelines, fact sheets and integrated processes to support its decision making process.

Office of Finance and Services  
**Annual Report 2014/15**

## **Part Two – Financial statements**

Office of Finance and Services  
Waste Assets Management Corporation



## INDEPENDENT AUDITOR'S REPORT

### Office of Finance and Services

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Office of Finance and Services (the Department), which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity, statement of cash flows, service group statements and summary of compliance with financial directives for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

### Opinion

In my opinion the financial statements:

- give a true and fair view of the financial position of the Department as at 30 June 2015, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

### Secretary's Responsibility for the Financial Statements

The Secretary is responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Secretary determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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



My opinion does *not* provide assurance:

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

## Independence

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

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

David Nolan  
Director, Financial Audit Services

21 September 2015  
SYDNEY



Mr Martin Hoffman  
Secretary  
Department of Finance, Services and Innovation  
McKell Building  
2-24 Rawson Place  
SYDNEY NSW 2000

Contact: David Nolan  
Phone no: (02) 9275 7377  
Our ref: D15356991256

21 September 2015

Dear Mr Hoffman

## **STATUTORY AUDIT REPORT**

**for the year ended 30 June 2015**

**Office of Finance and Services**

I have audited the financial statements of the Office of Finance Services (the Department, known as Department of Finance, Services and Innovation from 1 July 2015) as required by the *Public Finance and Audit Act 1983* (PF&A Act). This Statutory Audit Report outlines the results of my audit for the year ended 30 June 2015, and details matters I found during my audit that are relevant to you in your role as one of those charged with the governance of the Department. The PF&A Act requires that I send this report to the Department, the Minister and the Treasurer.

This report is not the Independent Auditor's Report, which expresses my opinion on the Department's financial statements. I enclose the Independent Auditor's Report, together with the Department's financial statements.

My audit is designed to obtain reasonable assurance the financial statements are free from material misstatement. It is not designed to identify and report all matters you may find of governance interest. Therefore, other governance matters may exist, which have not been reported to you.

My audit is continuous. If I identify further significant matters, I will report these to you immediately.

### **Audit Result**

While I expressed an unmodified opinion on the Department's financial statements, I identified the following significant matter.

## **Governance Matter**

### **Compliance Review – Financial Systems - Disaster Recovery Planning (DRP)**

StateFleet was one of 31 agencies selected to participate in a review of Disaster Recovery Planning. The review was designed to provide limited assurance over compliance with the requirements of NSW Government Treasury Directions – Section 744.05 'Disaster Recovery Plan' and the NSW Government Digital Information Security Policy, referencing the DRP elements of ISO 27001.

The review assessed whether StateFleet:

- had up-to-date DRPs aligned with business recovery requirements
- had tested its DRPs to ensure they were effective.

A limited assurance Independent Assurance Practitioner's Compliance Review Report (the Report) was provided to the Department in September 2015.

The Report concluded that no matters came to the audit team's attention that indicated StateFleet did not materially comply with the requirements.

The participating agencies' review results will be summarised and reported in the Auditor-General's Report to Parliament. A report will be sent to the Treasury summarising significant findings and recommendations arising from the review.

The Annual Reports legislation requires the Department to respond to all the matters raised above in its annual report.

### **Misstatements in the Financial Statements**

I have certain obligations for reporting misstatements:

- the PF&A Act requires agencies to obtain the Auditor-General's approval for all changes to the financial statements originally submitted for audit. The more significant/material changes will be reported in the Statutory Audit Report
- the Auditing Standards require me to bring matters of governance interest and significant misstatements identified during the audit to the attention of those charged with governance
- where misstatements resulted from, or were not detected because of failures in internal controls and/or systemic deficiencies which pose a significant risk to the Department, I will report these in accordance with my statutory obligations.

The financial statements contained misstatements which are listed in the attached Appendix. The Appendix explains the nature and impact of the misstatements in the Department's financial statements.

- Table One reports significant corrected misstatements individually greater than \$4.8 million.
- Table Two reports significant uncorrected misstatements individually greater than \$4.8 million.

### **Compliance with Legislative Requirements**

My audit procedures are targeted specifically towards forming an opinion on the Department's financial statements. This includes testing whether the Department has complied with legislative requirements that may materially impact on the financial statements. The results of the audit are reported in this context. My testing did not identify any reportable instances of non-compliance with legislative requirements.

## **Quality and Timeliness of Financial Reporting**

Treasury Circular TC 15/02 'Mandatory Early Close Procedures for 2014-15' required the Department to prepare certain aspects of the financial statements before year-end and provide the outcomes to the audit team. Treasury Circular TC 15/11 'Agency guidelines for the 2014-15 Mandatory Annual Returns to Treasury' required OFS to submit its year-end information to Treasury and its financial statements to the Audit Office on 27 July 2015.

The Department completed the mandatory early close procedures set out in TC 15/02 and supplied majority of the outcomes to the audit team within the specified timeframe. The Department also submitted financial information to Treasury and the financial statements set out in TC 15/11 by the due date. The Department provided majority of financial statements supporting working papers progressively after the due date.

As the year-end reporting timetable is expected to shorten in future years, the Department should urgently develop solutions to allow it to report earlier.

## **Auditor-General's Report to Parliament**

Volume Four of the 2015 Auditor-General's Report to Parliament will incorporate the results of the audits in Finance and Treasury cluster.

## **Acknowledgment**

I thank the Department's staff for their courtesy and assistance.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Nolan', followed by a horizontal line extending to the right.

David Nolan  
Director, Financial Audit Services

## APPENDIX

**Table One: Corrected Monetary Misstatements and Disclosure Deficiencies**

### Corrected Monetary Misstatements

Management corrected the following misstatements in the current year's financial statements. I agree with management's determination and confirm this treatment complies with Australian Accounting Standards.

Description	Assets	Liabilities	Retained earnings/Equity	Comprehensive income
Effect of correction	Increase/ (Decrease) \$'000	(Increase)/ Decrease \$'000	(Increase)/ Decrease \$'000	(Increase)/ Decrease \$'000
<b>Factual misstatements</b>				
Transfer of non-current receivables personnel services (\$22.4 million) and current receivables others (\$4.8 million) to current receivables personnel services (\$27.2 million)				
Dr Current receivables	22,410			
Cr Non-current receivables	(22,410)	--	--	--
Reversal of recognised NDRA grants receivable from NSW Treasury and grants payable to local councils (Treasury has not recognised this at year-end) :				
Dr Payables		9,847		
Cr Receivables	(9,847)		--	--
Transfer from current provisions for long service leave to non-current provisions for long service leave (\$4.8 million) and from non-current other liabilities to non-current provision for long service leave (\$822,000)				
Dr Current provisions		4,785		
Dr Non-current other liabilities		822		
Cr Non-current provisions	--	(5,607)	--	--
Net of trivial misstatements which individually are less than our reporting threshold of \$4.8 million and therefore have been aggregated				
	--	2,372	(266)*	(2,106)
<b>Total impact of corrected misstatements</b>	<b>(9,847)</b>	<b>12,219</b>	<b>(266)</b>	<b>(2,106)</b>

\* relating to equity transfer that occurred during the year.

## Corrected Disclosure Deficiencies

Management corrected the following disclosure deficiencies in the current year's financial statements. I agree with management's determination and confirm this treatment complies with Australian Accounting Standards.

AASB reference	Disclosure title	Description of disclosure deficiency
AASB107 and NSW Treasury's Mandate TC 15/03	Statement of Cash Flows	Disclosure of Public Works pass through transactions changed from gross to net basis.
AASB1055	Budget Review	More details on movement between actuals and original budgets were provided.
NA	Administered revenue	Unearned income was corrected from \$6.1 million to \$10.1 million.
AASB101	Current Other Liabilities	Disclosure of other liabilities (\$4.6 million) as lease incentives was corrected.
AASB101	Current Provisions	Disclosure of provisions for other on-costs (\$4.9 million) as provisions for long service leave was corrected.
AASB101	Operating Lease Commitments	Operating lease commitments with StateFleet were removed.
AASB101	Revenue Lease Commitments	Inter-entity lease revenue receivable between StateFleet and divisions in the Department were removed.
AASB139, AASB7	Financial Instruments	Investments classified as financial instruments. Maturity profile of financial liabilities was corrected. Disclosed amounts of financial instruments were corrected.
AASB110	Events after the Reporting Period	Disclosures were updated on the basis of recent development within the Department.
AASB137	Contingent Assets	Bank guarantee of \$6.7 million disclosed as contingent assets was removed due to not meeting recognition criteria for contingent assets.
Various	Various	Some missing comparatives were added. Casting errors and other minor disclosure deficiencies were corrected.

## Table Two: Uncorrected Monetary Misstatements and Disclosure Deficiencies

### Uncorrected Monetary Misstatements

I did not detect any monetary misstatements that remain uncorrected in the financial statements.

### Uncorrected Disclosure Deficiencies

I did not detect any disclosure deficiencies that remain uncorrected in the financial statements.

OFFICE OF FINANCE AND SERVICES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

STATEMENT BY THE SECRETARY

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

- a) the accompanying financial statements and notes thereto exhibit a true and fair view of the financial position of the Office of Finance and Services as at 30 June 2015 and its financial performance for the year then ended
- b) the accompanying financial statements and notes thereto have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions published in Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer
- c) I am not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Secretary  
Department of Finance, Services and Innovation

Date 17/9/15

**OFFICE OF FINANCE AND SERVICES**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2015**

	Notes	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000
<b>Expenses excluding losses</b>				
Operating Expenses				
Employee related	2(a)	727,567	823,983	637,076
Other operating expenses	2(b)	271,155	221,188	222,139
Depreciation and amortisation	2(c)	188,434	196,497	189,268
Grants and subsidies	2(d)	97,785	146,917	277,090
Finance costs	2(e)	32,282	31,751	31,821
Book value of motor vehicle inventory sold	2(f)	115,337	125,537	100,722
Other expenses	2(g)	6,325	13,331	3,539
<b>Total Expenses excluding losses</b>		<b>1,438,885</b>	<b>1,559,204</b>	<b>1,461,655</b>
<b>Revenue</b>				
Recurrent appropriation	3(a)	-	-	475,753
Capital appropriation	3(a)	-	-	21,860
(Transfers to the Crown Entity)	3(b)	(83,029)	(55,314)	(99,144)
Sale of goods and services	3(c)	661,477	687,572	660,170
Personnel services revenue	3(d)	239,914	254,576	106,308
Investment revenue	3(e)	9,997	9,928	10,472
Retained taxes, fees and fines	3(f)	71,607	66,551	70,410
Grants and contributions	3(g)	383,523	433,550	19,747
Acceptance by the Crown Entity of employee benefits and other liabilities	3(h)	11,659	10,796	11,626
Proceeds from sale of motor vehicle inventory	3(i)	126,688	137,650	110,184
Other revenue	3(j)	8,911	4,286	2,364
<b>Total Revenue</b>		<b>1,430,747</b>	<b>1,549,595</b>	<b>1,389,750</b>
<b>Gain/(loss) on disposal</b>	4(a)	<b>(14,886)</b>	-	<b>(6,343)</b>
<b>Other gains/(losses)</b>	4(b)	<b>717</b>	-	<b>(4,264)</b>
<b>NET RESULT</b>		<b>(22,307)</b>	<b>(9,609)</b>	<b>(82,512)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to net result</i>				
Superannuation actuarial gains / (losses)	19	(64,803)	-	75,960
Net increase in property, plant and equipment revaluation surplus		-	-	-
Investment valuation gains		-	-	-
<b>Total other comprehensive income</b>		<b>(64,803)</b>	-	<b>75,960</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS)</b>		<b>(87,110)</b>	<b>(9,609)</b>	<b>(6,552)</b>

The accompanying notes form part of these financial statements.

**OFFICE OF FINANCE AND SERVICES**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2015**

	Notes	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	6	453,467	399,140	411,554
Receivables	8	355,239	347,184	316,715
Inventories	9	3,890	4,123	4,403
Financial assets at fair value	10	-	9,603	9,649
<b>Total Current Assets</b>		<b>812,596</b>	<b>760,050</b>	<b>742,321</b>
<b>Non-Current Assets</b>				
Receivables	8	159,104	100,098	171,078
Inventories	9	3,281	3,548	3,242
Property, plant and equipment	12			
Land and buildings		102,327	159,932	101,269
Plant and equipment		51,448	57,372	57,315
Motor vehicles		525,053	519,644	519,718
Leasehold improvements		30,784	-	34,019
Total property, plant and equipment		709,612	736,948	712,321
Intangible assets	13	143,047	171,326	138,022
Other	11	9,633	10,160	9,633
<b>Total Non-Current Assets</b>		<b>1,024,677</b>	<b>1,022,080</b>	<b>1,034,296</b>
<b>Total Assets</b>		<b>1,837,273</b>	<b>1,782,130</b>	<b>1,776,617</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	15	284,040	253,242	243,927
Borrowings	16	173,354	156,600	198,991
Provisions	17	213,733	222,692	208,217
Other	18	86,384	59,100	94,989
<b>Total Current Liabilities</b>		<b>757,511</b>	<b>691,634</b>	<b>746,124</b>
<b>Non-Current Liabilities</b>				
Borrowings	16	367,640	383,518	337,821
Provisions	17	845,105	304,321	747,570
Other	18	1,140	266	1,073
<b>Total Non-Current Liabilities</b>		<b>1,213,885</b>	<b>688,105</b>	<b>1,086,464</b>
<b>Total Liabilities</b>		<b>1,971,396</b>	<b>1,379,739</b>	<b>1,832,588</b>
<b>Net Assets/(Liabilities)</b>		<b>(134,123)</b>	<b>402,391</b>	<b>(55,971)</b>
<b>EQUITY</b>				
Reserves		6,154	4,947	6,154
Accumulated funds		(140,277)	397,444	(62,125)
<b>Total Equity</b>		<b>(134,123)</b>	<b>402,391</b>	<b>(55,971)</b>

The accompanying notes form part of these financial statements.

## OFFICE OF FINANCE AND SERVICES

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Accumulated Funds \$'000	Asset Revaluation Surplus \$'000	Total \$'000
<b>Balance at 1 July 2014</b>		<b>(62,125)</b>	<b>6,154</b>	<b>(55,971)</b>
<b>Net Result for the year</b>		<b>(22,307)</b>	-	<b>(22,307)</b>
<b>Other comprehensive income</b>				
Superannuation actuarial loss	19	(64,803)	-	(64,803)
<b>Total other comprehensive income</b>		<b>(64,803)</b>	-	<b>(64,803)</b>
<b>Total comprehensive income for the year</b>		<b>(87,110)</b>	-	<b>(87,110)</b>
Transfer of investment valuation reserve on disposal		-	-	-
Transfer of asset revaluation surplus on disposal		-	-	-
<b>Transactions with owners in their capacity as owners</b>				
Increase in net assets from equity transfers	20	8,958	-	8,958
<b>Balance at 30 June 2015</b>		<b>(140,277)</b>	<b>6,154</b>	<b>(134,123)</b>
<b>Balance at 1 July 2013</b>		<b>16,410</b>	<b>8,622</b>	<b>25,032</b>
Changes in accounting policy		(89,924)	-	(89,924)
<b>Restated total equity at 1 July 2013</b>		<b>(73,514)</b>	<b>8,622</b>	<b>(64,892)</b>
<b>Net Result for the year</b>		<b>(82,512)</b>	-	<b>(82,512)</b>
<b>Other comprehensive income</b>				
Superannuation actuarial gain	19	75,960	-	75,960
<b>Total other comprehensive income</b>		<b>75,960</b>	-	<b>75,960</b>
<b>Total comprehensive income for the year</b>		<b>(6,552)</b>	-	<b>(6,552)</b>
Transfer of investment valuation reserve on disposal		2,461	(2,461)	-
Transfer of asset revaluation surplus on disposal		7	(7)	-
<b>Transactions with owners in their capacity as owners</b>				
Increase in net assets from equity transfers	20	15,473	-	15,473
<b>Balance at 30 June 2014</b>		<b>(62,125)</b>	<b>6,154</b>	<b>(55,971)</b>

The accompanying notes form part of these financial statements.

## OFFICE OF FINANCE AND SERVICES

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Payments</b>				
Employee related		672,681	782,233	603,139
Grants and subsidies		97,785	146,917	301,247
Finance costs		32,282	31,751	31,739
Purchase of motor vehicles held for resale		114,873	125,537	100,722
Other *		401,879	499,418	355,139
<b>Total Payments</b>		<b>1,319,500</b>	<b>1,585,856</b>	<b>1,391,986</b>
<b>Receipts</b>				
Recurrent appropriation		-	-	481,171
Capital appropriation (excluding equity appropriations) (Transfers to the Crown Entity)		-	-	21,860
		(94,410)	(67,314)	(64,146)
Sale of goods and services *		1,032,156	937,796	892,149
Retained taxes, fees and fines		72,274	241	73,875
Interest received		9,941	9,845	11,539
Grants and contributions		383,523	433,550	19,747
Proceeds from sale of motor vehicle inventory		126,688	137,650	110,184
Other		14,088	336,658	6,398
<b>Total Receipts</b>		<b>1,554,260</b>	<b>1,788,426</b>	<b>1,552,777</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	25	<b>224,760</b>	<b>202,570</b>	<b>160,791</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of land and buildings, plant and equipment and infrastructure systems		111	-	3,355
Purchases of land and buildings, plant and equipment and infrastructure systems		(168,254)	(183,770)	(137,470)
Proceeds from withdrawal of investment		9,649	-	-
Purchases of software		(38,477)	(62,557)	(35,501)
Other		1,013	-	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(195,958)</b>	<b>(246,327)</b>	<b>(169,616)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from borrowings and advances		248,277	245,675	225,819
Repayment of borrowings and advances		(244,095)	(243,318)	(229,796)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>4,182</b>	<b>2,357</b>	<b>(3,977)</b>
<b>NET INCREASE/(DECREASE) IN CASH</b>		<b>32,984</b>	<b>(41,400)</b>	<b>(12,802)</b>
Opening cash and cash equivalents		411,554	440,816	409,083
Reclassification of cash and cash equivalents		-	(276)	-
Cash transferred in/(out) as a result of administrative restructuring		8,929	-	15,273
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	6	<b>453,467</b>	<b>399,140</b>	<b>411,554</b>

The accompanying notes form part of these financial statements.

\* Total actual payments and receipts from operating activities excludes pass through payments and receipts relating to NSW Public Works contracts.

Office of Finance and Services  
Service Group Statements - Expenses and Revenue for the year ended 30 June 2015

EXPENSES AND INCOME	Public Works* 2015 \$'000	Govt Services* 2015 \$'000	Fair Trading* 2015 \$'000	Finance, Policy and Strategy* 2015 \$'000	Land & Property Information* 2015 \$'000	State Revenue* 2015 \$'000	Personnel Services* 2015 \$'000	Not Attributable 2015 \$'000	Total 2015 \$'000
<b>Expenses excluding losses</b>									
Operating Expenses									
• Employee related	102,156	74,882	88,724	8,854	102,531	138,268	212,152	-	727,567
• Other operating expenses	38,946	92,496	21,883	10,167	51,506	47,217	8,940	-	271,155
Depreciation and amortisation	1,409	150,472	3,662	156	19,674	13,061	-	-	188,434
Grants and subsidies	7,114	4,527	16,441	394	2,465	66,844	-	-	97,785
Finance costs	-	32,198	-	-	-	84	-	-	32,282
Book value of motor vehicle inventory sold	-	115,337	-	-	-	-	-	-	115,337
Other expenses	18,455	(27,395)	20,700	(403)	(2,214)	(2,818)	-	-	6,325
<b>Total Expenses excluding losses</b>	<b>168,080</b>	<b>442,517</b>	<b>151,410</b>	<b>19,168</b>	<b>173,962</b>	<b>262,656</b>	<b>221,092</b>	<b>-</b>	<b>1,438,885</b>
<b>Revenue **</b>									
Recurrent appropriation	-	-	-	-	-	-	-	-	-
Capital appropriation	-	-	-	-	-	-	-	-	-
(Transfers to the Crown Entity)	-	(14,445)	-	-	-	-	-	(68,584)	(83,029)
Sale of goods and services	140,163	255,984	28,259	30	208,519	28,522	-	-	661,477
Personnel services revenue	-	-	-	-	-	-	239,914	-	239,914
Investment revenue	267	1,035	4,736	24	2,220	1,715	-	-	9,997
Retained taxes, fees and fines	-	-	71,460	-	-	147	-	-	71,607
Grants and contributions	11,942	61,292	33,063	13,153	9,467	254,564	42	-	383,523
Acceptance by the Crown Entity of employee benefits and other liabilities	-	-	-	-	-	-	-	11,659	11,659
Proceeds from sale of motor vehicle inventory	-	126,688	-	-	-	-	-	-	126,688
Other revenue	1,472	1,931	1,773	126	773	2,836	-	-	8,911
<b>Total Revenue</b>	<b>153,844</b>	<b>432,485</b>	<b>139,291</b>	<b>13,333</b>	<b>220,979</b>	<b>287,784</b>	<b>239,956</b>	<b>(56,925)</b>	<b>1,430,747</b>
Gain/(loss) on disposal	(187)	(14,059)	(242)	(18)	(104)	(276)	-	-	(14,886)
Other gains/(losses)	-	(253)	912	-	58	-	-	-	717
<b>Net result</b>	<b>(14,423)</b>	<b>(24,344)</b>	<b>(11,449)</b>	<b>(5,853)</b>	<b>46,971</b>	<b>24,852</b>	<b>18,864</b>	<b>(56,925)</b>	<b>(22,307)</b>
<b>Other comprehensive income</b>									
Superannuation actuarial gains/(losses)	-	-	-	-	-	-	-	(64,803)	(64,803)
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(64,803)</b>	<b>(64,803)</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS)</b>	<b>(14,423)</b>	<b>(24,344)</b>	<b>(11,449)</b>	<b>(5,853)</b>	<b>46,971</b>	<b>24,852</b>	<b>18,864</b>	<b>(121,728)</b>	<b>(87,110)</b>

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

\*\* Appropriations are made on an entity basis and not to individual service groups. Consequently, appropriations must be included in the 'Not Attributable' column. Cluster grant funding is also unlikely to be attributable to individual service groups.

Office of Finance and Services  
Service Group Statements - for the year ended 30 June 2015 (continued)

<b>ADMINISTERED EXPENSES AND INCOME</b>	<b>Public Works* 2015 \$'000</b>	<b>Govt Services* 2015 \$'000</b>	<b>Fair Trading* 2015 \$'000</b>	<b>Finance, Policy and Strategy* 2015 \$'000</b>	<b>Land &amp; Property Information* 2015 \$'000</b>	<b>State Revenue* 2015 \$'000</b>	<b>Personnel Services* 2015 \$'000</b>	<b>Not Attributable 2015 \$'000</b>	<b>Total 2015 \$'000</b>
<b>Administered Expenses</b>									
Transfer Payments	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	381,267	-	-	381,267
<b>Total Administered Expenses</b>	-	-	-	-	-	<b>381,267</b>	-	-	<b>381,267</b>
<b>Administered Revenues</b>									
Consolidated Fund									
Licences, taxes, fees and fines	-	-	51,796	-	461	22,897,442	-	-	22,949,699
Other	-	-	-	-	-	2,034,528	-	-	2,034,528
<b>Total Administered Revenues</b>	-	-	<b>51,796</b>	-	<b>461</b>	<b>24,931,970</b>	-	-	<b>24,984,227</b>
<b>Administered Revenues less Expenses</b>	-	-	<b>51,796</b>	-	<b>461</b>	<b>24,550,703</b>	-	-	<b>24,602,960</b>

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

Administered assets and liabilities are disclosed in Note 28.

Office of Finance and Services  
Service Group Statements - for the year ended 30 June 2014

EXPENSES AND INCOME	Public Works* 2014 \$'000	Govt Services* 2014 \$'000	Fair Trading* 2014 \$'000	Finance, Policy and Strategy* 2014 \$'000	Land & Property Information* 2014 \$'000	State Revenue* 2014 \$'000	Personnel Services* 2014 \$'000	Not Attributable 2014 \$'000	Total 2014 \$'000
<b>Expenses excluding losses</b>									
Operating Expenses									
• Employee related	107,023	84,441	103,503	1,490	102,379	129,636	108,604	-	637,076
• Other operating expenses	24,158	81,860	28,765	461	46,171	40,720	4	-	222,139
Depreciation and amortisation	1,623	152,412	4,444	71	18,923	11,795	-	-	189,268
Grants and subsidies	12,945	804	15,211	159,823	745	40,367	47,195	-	277,090
Finance costs	-	31,739	-	-	-	82	-	-	31,821
Book value of motor vehicle inventory sold	-	100,722	-	-	-	-	-	-	100,722
Other expenses	15,788	(32,051)	19,045	(441)	631	567	-	-	3,539
<b>Total Expenses excluding losses</b>	<b>161,537</b>	<b>419,927</b>	<b>170,968</b>	<b>161,404</b>	<b>168,849</b>	<b>223,167</b>	<b>155,803</b>	-	<b>1,461,655</b>
<b>Revenue **</b>									
Recurrent appropriation	-	-	-	-	-	-	-	475,753	475,753
Capital appropriation	-	-	-	-	-	-	-	21,860	21,860
(Transfers to the Crown Entity)	-	(14,840)	-	-	-	-	-	(84,304)	(99,144)
Sale of goods and services	143,905	247,279	35,291	195	192,984	30,145	10,371	-	660,170
Personnel services revenue	-	-	-	-	-	-	106,308	-	106,308
Investment revenue	430	1,439	4,411	39	2,393	1,760	-	-	10,472
Retained taxes, fees and fines	-	2	70,242	-	-	166	-	-	70,410
Grants and contributions	498	2,706	14,300	44	249	464	1,486	-	19,747
Acceptance by the Crown Entity of employee benefits and other liabilities	-	-	-	-	-	-	-	11,626	11,626
Proceeds from sale of motor vehicle inventory	-	110,184	-	-	-	-	-	-	110,184
Other revenue	4	8	27	-	119	2,206	-	-	2,364
<b>Total Revenue</b>	<b>144,837</b>	<b>346,778</b>	<b>124,271</b>	<b>278</b>	<b>195,745</b>	<b>34,741</b>	<b>118,165</b>	<b>424,935</b>	<b>1,389,750</b>
Gain/(loss) on disposal	(186)	(2,997)	(2,813)	(25)	(141)	(181)	-	-	(6,343)
Other gains/(losses)	-	(277)	(4,491)	-	496	8	-	-	(4,264)
<b>Net result</b>	<b>(16,886)</b>	<b>(76,423)</b>	<b>(54,001)</b>	<b>(161,151)</b>	<b>27,251</b>	<b>(188,599)</b>	<b>(37,638)</b>	<b>424,935</b>	<b>(82,512)</b>
<b>Other comprehensive income</b>									
Superannuation actuarial gains/(losses)	-	-	-	-	-	-	-	75,960	75,960
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,960</b>	<b>75,960</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS)</b>	<b>(16,886)</b>	<b>(76,423)</b>	<b>(54,001)</b>	<b>(161,151)</b>	<b>27,251</b>	<b>(188,599)</b>	<b>(37,638)</b>	<b>500,895</b>	<b>(6,552)</b>

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

\*\* Appropriations are made on an entity basis and not to individual service groups. Consequently, appropriations must be included in the 'Not Attributable' column. Cluster grant funding is also unlikely to be attributable to individual service groups.

Office of Finance and Services  
Service Group Statements - for the year ended 30 June 2014 (continued)

ADMINISTERED EXPENSES AND INCOME	Public Works* 2014 \$'000	Govt Services* 2014 \$'000	Fair Trading* 2014 \$'000	Finance, Policy and Strategy* 2014 \$'000	Land & Property Information* 2014 \$'000	State Revenue* 2014 \$'000	Personnel Services* 2014 \$'000	Not Attributable 2014 \$'000	Total 2014 \$'000
<b>Administered Expenses</b>									
Transfer Payments	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	330,697	-	-	330,697
<b>Total Administered Expenses</b>	-	-	-	-	-	<b>330,697</b>	-	-	<b>330,697</b>
<b>Administered Revenues</b>									
Consolidated Fund	-	-	-	-	-	-	-	-	-
Licences, taxes, fees and fines	-	-	52,321	-	864	20,859,791	-	-	20,912,976
Other	-	-	-	-	-	1,161,517	-	-	1,161,517
<b>Total Administered Revenues</b>	-	-	<b>52,321</b>	-	<b>864</b>	<b>22,021,308</b>	-	-	<b>22,074,493</b>
<b>Administered Revenues less Expenses</b>	-	-	<b>52,321</b>	-	<b>864</b>	<b>21,690,611</b>	-	-	<b>21,743,796</b>

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

Administered assets and liabilities are disclosed in Note 28.

Office of Finance and Services  
Service Group Statements - for the year ended 30 June 2015

ASSETS AND LIABILITIES	Public Works* 2015 \$'000	Govt Services* 2015 \$'000	Fair Trading* 2015 \$'000	Finance, Policy and Strategy* 2015 \$'000	Land & Property Information* 2015 \$'000	State Revenue* 2015 \$'000	Personnel Services* 2015 \$'000	Not Attributable 2015 \$'000	Total 2015 \$'000
<b>Current Assets</b>									
Cash and cash equivalents	15,817	89,116	233,589	1,433	78,335	34,164	1,013	-	453,467
Receivables	173,622	123,745	(6,609)	(1,977)	3,076	(3,917)	67,299	-	355,239
Inventories	29	3,613	37	3	190	20	(2)	-	3,890
<b>Total Current Assets</b>	<b>189,468</b>	<b>216,474</b>	<b>227,017</b>	<b>(541)</b>	<b>81,601</b>	<b>30,267</b>	<b>68,310</b>	<b>-</b>	<b>812,596</b>
<b>Non Current Assets</b>									
Receivables	-	-	-	-	-	-	159,104	-	159,104
Inventories	641	670	816	58	687	409	-	-	3,281
Property, plant and equipment	10,500	553,893	20,881	890	104,658	18,792	(2)	-	709,612
Intangible assets	2,518	29,967	15,721	131	46,931	47,780	(1)	-	143,047
Other	-	-	-	-	9,633	-	-	-	9,633
<b>Total Non Current Assets</b>	<b>13,659</b>	<b>584,530</b>	<b>37,418</b>	<b>1,079</b>	<b>161,909</b>	<b>66,981</b>	<b>159,101</b>	<b>-</b>	<b>1,024,677</b>
<b>TOTAL ASSETS</b>	<b>203,127</b>	<b>801,004</b>	<b>264,435</b>	<b>538</b>	<b>243,510</b>	<b>97,248</b>	<b>227,411</b>	<b>-</b>	<b>1,837,273</b>
<b>Current Liabilities</b>									
Payables	166,685	121,455	(5,510)	(1,958)	600	(7,688)	10,456	-	284,040
Borrowings	-	173,354	-	-	-	-	-	-	173,354
Provisions	51,786	14,889	16,383	113	47,783	18,467	64,312	-	213,733
Other	8,071	16,158	10,142	724	45,714	5,573	2	-	86,384
<b>Total Current Liabilities</b>	<b>226,542</b>	<b>325,856</b>	<b>21,015</b>	<b>(1,121)</b>	<b>94,097</b>	<b>16,352</b>	<b>74,770</b>	<b>-</b>	<b>757,511</b>
<b>Non Current Liabilities</b>									
Borrowings	-	367,640	-	-	-	-	-	-	367,640
Provisions	-	-	-	-	-	-	845,105	-	845,105
Other	(82)	(86)	(104)	(8)	1,406	14	-	-	1,140
<b>Total Non Current Liabilities</b>	<b>(82)</b>	<b>367,554</b>	<b>(104)</b>	<b>(8)</b>	<b>1,406</b>	<b>14</b>	<b>845,105</b>	<b>-</b>	<b>1,213,885</b>
<b>TOTAL LIABILITIES</b>	<b>226,460</b>	<b>693,410</b>	<b>20,911</b>	<b>(1,129)</b>	<b>95,503</b>	<b>16,366</b>	<b>919,875</b>	<b>-</b>	<b>1,971,396</b>
<b>NET ASSETS</b>	<b>(22,333)</b>	<b>107,594</b>	<b>243,524</b>	<b>1,667</b>	<b>148,007</b>	<b>80,882</b>	<b>(692,464)</b>	<b>-</b>	<b>(134,123)</b>

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

Administered Assets and Liabilities are disclosed in Note 28.

Office of Finance and Services  
Service Group Statements - for the year ended 30 June 2014

ASSETS AND LIABILITIES	Public Works* 2014 \$'000	Govt Services* 2014 \$'000	Fair Trading* 2014 \$'000	Finance Policy and Strategy* 2014 \$'000	Land & Property Information* 2014 \$'000	State Revenue* 2014 \$'000	Personnel Services* 2014 \$'000	Not Attributable 2014 \$'000	Total 2014 \$'000
<b>Current Assets</b>									
Cash and cash equivalents	9,989	55,910	165,850	903	94,283	44,034	40,585	-	411,554
Receivables	136,544	120,849	19,630	1,151	10,402	10,031	18,108	-	316,715
Inventories	61	4,108	77	6	112	39	-	-	4,403
Financial assets at fair value	-	-	9,649	-	-	-	-	-	9,649
Other	-	-	-	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>146,594</b>	<b>180,867</b>	<b>195,206</b>	<b>2,060</b>	<b>104,797</b>	<b>54,104</b>	<b>58,693</b>	<b>-</b>	<b>742,321</b>
<b>Non Current Assets</b>									
Receivables	-	-	-	-	-	248	170,830	-	171,078
Inventories	642	670	816	58	648	408	-	-	3,242
Property, plant and equipment	10,404	553,851	21,560	861	106,530	19,115	-	-	712,321
Intangible assets	1,973	37,176	13,752	78	42,986	42,057	-	-	138,022
Other	-	-	-	-	9,633	-	-	-	9,633
<b>Total Non Current Assets</b>	<b>13,019</b>	<b>591,697</b>	<b>36,128</b>	<b>997</b>	<b>159,797</b>	<b>61,828</b>	<b>170,830</b>	<b>-</b>	<b>1,034,296</b>
<b>TOTAL ASSETS</b>	<b>159,613</b>	<b>772,564</b>	<b>231,334</b>	<b>3,057</b>	<b>264,594</b>	<b>115,932</b>	<b>229,523</b>	<b>-</b>	<b>1,776,617</b>
<b>Current Liabilities</b>									
Payables	90,965	108,786	16,443	406	14,619	7,532	5,176	-	243,927
Borrowings	-	198,991	-	-	-	-	-	-	198,991
Provisions	50,303	14,076	14,860	44	45,936	16,226	66,772	-	208,217
Other	6,131	10,690	8,527	548	64,658	4,435	-	-	94,989
<b>Total Current Liabilities</b>	<b>147,399</b>	<b>332,543</b>	<b>39,830</b>	<b>998</b>	<b>125,213</b>	<b>28,193</b>	<b>71,948</b>	<b>-</b>	<b>746,124</b>
<b>Non Current Liabilities</b>									
Borrowings	-	337,821	-	-	-	-	-	-	337,821
Provisions	1,314	383	383	1	1,205	438	1,753	742,093	747,570
Other	137	142	174	11	448	161	-	-	1,073
<b>Total Non Current Liabilities</b>	<b>1,451</b>	<b>338,346</b>	<b>557</b>	<b>12</b>	<b>1,653</b>	<b>599</b>	<b>1,753</b>	<b>742,093</b>	<b>1,086,464</b>
<b>TOTAL LIABILITIES</b>	<b>148,850</b>	<b>670,889</b>	<b>40,387</b>	<b>1,010</b>	<b>126,866</b>	<b>28,792</b>	<b>73,701</b>	<b>742,093</b>	<b>1,832,588</b>
<b>NET ASSETS</b>	<b>10,763</b>	<b>101,675</b>	<b>190,947</b>	<b>2,047</b>	<b>137,728</b>	<b>87,140</b>	<b>155,822</b>	<b>(742,093)</b>	<b>(55,971)</b>

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

Administered Assets and Liabilities are disclosed in Note 28.

Office of Finance and Services  
Summary of Compliance with Financial Directives

	2015				2014			
	Recurrent		Capital		Recurrent		Capital	
	Appropriation \$'000	Net Claim on Consolidated Fund \$'000						
<b>Original Budget Appropriation / Expenditure</b>								
• Appropriation Act	-	-	-	-	390,018	382,053	28,442	21,860
• Section 24 PF&AA - transfer of functions between entities	-	-	-	-	77,126	78,453	-	-
	-	-	-	-	<b>467,144</b>	<b>460,506</b>	<b>28,442</b>	<b>21,860</b>
<b>Other Appropriations / Expenditure</b>								
• S31 Appropriation Act	-	-	-	-	-	-	-	-
• Transfers to/from another entity (per section 32 of the Appropriation Act)	-	-	-	-	17,383	15,247	-	-
	-	-	-	-	<b>17,383</b>	<b>15,247</b>	-	-
<b>Total Appropriations / Expenditure / Net Claim on Consolidated Fund (includes transfer payments)</b>	-	-	-	-	<b>484,527</b>	<b>475,753</b>	<b>28,442</b>	<b>21,860</b>
<b>Amount drawn down against Appropriation</b>	-	-	-	-	-	<b>481,171</b>	-	<b>21,860</b>
<b>Liability to Consolidated Fund</b>	-	-	-	-	-	<b>(5,418)</b>	-	-

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

The "Liability to Consolidated Fund" is the difference between the "Amount drawn down against Appropriation" and the "Total Expenditure / Net Claim on Consolidated Fund" including transfer payments (refer Note 17)).

In accordance with the Administrative Arrangements Order 2014, OFS became part of the Treasury and Finance Cluster from 23 April 2014. The consolidated funding from Treasury previously recognised as 'Recurrent' and 'Capital' appropriations are now recognised as 'Grants and Contributions' (Refer to Note 3(g)(iv)).

## OFFICE OF FINANCE AND SERVICES

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### (a) Reporting Entity

The Office of Finance and Services (OFS) forms part of the Treasury and Finance Cluster. OFS is a NSW government entity, a not-for-profit entity as profit is not its principal objective and has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

OFS as a reporting entity comprises the following major Divisions / Business Units:

- NSW Public Works
- NSW Fair Trading
- Government Services, including:
  - NSW Procurement
  - ServiceFirst
  - StateFleet
  - Information and Communications Technology Strategic Delivery
- Land & Property Information
- Office of State Revenue
- Personnel Services
- Corporate Units
- Service Innovation and Strategy.

Effective 1 July 2015 administrative arrangements have changed the name of OFS to the Department of Finance, Services and Innovation. Administrative arrangements have also transferred some responsibilities from other New South Wales government agencies. Refer note 33, Events after the Reporting Period, for details of the changes.

Administered activities undertaken on behalf of the Crown Entity are consolidated in the Crown Entity accounts. Those undertaken on behalf of local councils and other public sector agencies are reported by the individual entities.

The financial statements for the year ended 30 June 2015 have been authorised for issue by the Secretary on 17 September 2015.

##### (b) Basis of Preparation

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

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

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

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

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

**(c) Statement of Compliance**

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

**(d) Administered Activities**

OFS 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 the resources for the achievement of the entity's own objectives.

Transactions and balances relating to the administered activities are not recognised as OFS' income, expenses, assets and liabilities, but are disclosed in the accompanying schedules as "Administered Income", "Administered Expenses", "Administered Assets" and "Administered Liabilities".

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

**(e) Borrowing Costs**

Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with NSW Treasury's mandate to not-for profit General Government Sector entities.

**(f) Insurance**

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

**(g) Accounting for the Goods and Services Tax (GST)**

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

- the amount of GST incurred by OFS 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; and
- receivables and payables are stated with the amount of GST included.

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

**(h) Income Recognition**

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

**(i) Parliamentary Appropriations and Contributions**

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

Appropriations are not recognised as income in the following circumstances:

- "Equity appropriations" to fund payments to adjust a for-profit entity's capital structure are recognised as equity injections (ie contribution by owners) on receipt and equity withdrawals on payment to a for-profit entity. The reconciliation between the Statement of Comprehensive Income, Statement of Summary of Compliance with Financial Directives and the total appropriations is disclosed in Note 3(a).

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

The liability is disclosed in Note 18 as part of "Current/Non-Current Liabilities - Other". The amount will be repaid and the liability will be extinguished next financial year. Any liability in respect of transfer payments is disclosed in Note 28 "Administered Assets and Liabilities".

(ii) Sale of Goods

Revenue from the sale of goods is recognised as revenue when OFS 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.

Project and Asset Management fee revenue earned from the management and delivery of client funded building, engineering, maintenance and other service projects, has historically been recognised over the duration of the project, based on the progressive value of fee funded hours charged to the project by OFS resources.

Fee income from property valuations, the supply of property information and the registration of land title documents and plans is recognised on completion of the service.

Motor Vehicle Leasing Income includes lease fee and fleet management fee and is invoiced to client agencies on a monthly basis and is recognised as revenue in OFS' Statement of Comprehensive Income.

(iv) Investment Revenue

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

**(i) Assets**

(i) Acquisitions of Assets

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

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition (see also assets transferred as a result of an administrative restructure - Note 1(m)).

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

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

(ii) Capitalisation Thresholds

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

(iii) Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with *AASB 116 Property, Plant and Equipment* and *AASB 13 Fair Value Measurement*.

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

OFS' fair value of property, plant and equipment is based on a market participants' perspective using the market approach and cost approach that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 12 and Note 14 for further information regarding fair value.

OFS' land and buildings are revalued every three years. The last revaluation was completed on 30 April 2013 and was based on an independent assessment. Other non-current assets are assessed by management to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at the end of the reporting period.

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

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated.

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

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

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

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

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

(iv) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, impairment under *AASB 136 Impairment of Assets* is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that *AASB 136* modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

(v) Depreciation of Property, Plant and Equipment

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

All material separately identifiable component assets are recognised and depreciated over their shorter useful lives. Land is not a depreciable asset. The depreciation rates used for 2014/15 for each class of assets are:

*Land and Buildings*

Heritage Assets	0%
Buildings and improvements	2.5%

*Plant and Equipment*

Mainframe computers	20.0% to 25.0%
Major computer systems	12.5% to 25.0%
Computer equipment	20.0% to 25.0%
Furniture and fittings	10.0%
Office equipment	14.0% to 20.0%

*Motor vehicles* 8.0% to 33.3%

*Leasehold improvements* 5.0% to 33.0%

The depreciation rates remain unchanged from the previous financial year.

(vi) Major Inspection Costs

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

(vii) Restoration Costs

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

(viii) Maintenance

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

(ix) Leased Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of the leased assets, and operating leases under which the lessor does not transfer substantially all the risks and rewards.

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

(x) Intangible Assets

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

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

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

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

OFS' intangible assets (computer software) are amortised using the straight line method over a period of 4 to 10 years. These rates remain unchanged from the previous year.

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

(xi) Loans and Receivables

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

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

(xii) Inventories

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

The cost of inventories acquired at no cost or for nominal consideration is the current replacement cost as at the date of acquisition. Current replacement cost is the cost OFS would incur to acquire the asset as at the end of the reporting period. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Motor vehicles are recognised as part of inventory at their carrying amounts when they cease to be rented and are held for resale (refer Note 9).

(xiii) Investments

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. OFS determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

- **Fair value through profit or loss** - OFS subsequently measures investments classified as "held for trading" or designated upon initial recognition "at fair value through profit or loss" at fair value. Financial assets are classified as "held for trading" if they are acquired for the purpose of selling in the near term.

The Hour-Glass Investment Facilities are designated at fair value through profit or loss using the second leg of the fair value option under AASB 139.9(b)(ii); ie these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about these assets is provided internally on that basis to OFS' key management personnel.

The movement in the fair value of the Hour-Glass Investment Facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the line item "Investment Revenue".

- **Held to maturity investments** - non-derivative financial assets with fixed or determinable payments and fixed maturity that OFS has the positive intention and ability to hold to maturity are classified as "held to maturity". These investments are measured at amortised cost using the effective interest method. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.
- **Available for sale investments** - any investments that do not fall into any other category are accounted for as available for sale investments and measured at fair value. Gains or losses on available-for-sale investments are recognised in other comprehensive income until disposed or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the net result for the year. However, interest calculated using the effective interest method and dividends are recognised in the net result for the year.

Purchases or sales of investments under contract that require delivery of the asset within the timeframe established by convention or regulation are recognised on the trade date i.e. the date the entity commits itself to purchase or sell the asset.

The fair value of investments that are traded at fair value in an active market is determined by reference to quoted current bid prices at the close of business on the Statement of Financial Position date.

(xiv) 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 net result for the year.

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

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

(xv) Derecognition of Financial Assets and Financial Liabilities

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

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

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

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

(xvi) Trust Funds

OFS receives monies in a trustee capacity for various trusts as set out in Note 26. As OFS performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of OFS' own objectives, these funds are not recognised in the financial statements but are disclosed in Note 26.

(xvii) Other Assets

Other assets are recognised on a historic cost basis.

**(j) Liabilities**

(i) Payables

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

(ii) Borrowings

Loans are not held for trading or designated at fair value through profit or loss and are recognised at amortised cost using the effective interest rate method. Gains or losses are recognised in the net result for the year on de-recognition.

(iii) Employee Benefits and Other Provisions

(a) Salaries and Wages, Annual Leave, Sick Leave and On-costs

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

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with *AASB 119 Employee Benefits* (although short-cut methods are permitted). Actuarial advice obtained by NSW Treasury has confirmed that the use of an approach using nominal annual leave plus annual leave on the nominal liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. OFS has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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

(b) Long Service Leave and Superannuation

OFS' liabilities for long service leave and defined benefit superannuation for Fair Trading and Office of State Revenue are assumed by the Crown Entity.

Long service leave and superannuation liabilities for the commercial activities of OFS are funded by OFS and are not assumed by the Crown Entity.

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 15/09) 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.

#### Long Service Leave and Superannuation Liabilities Assumed by the Crown Entity

OFS accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

#### Long Service Leave and Superannuation Liabilities Funded by OFS

The cost of employee entitlements for long service leave, relating to the commercial operations of OFS, with the exception of Land and Property Information, is met by the payment of a contribution based on salaries and wages to the Crown Entity. The payment is made into the "Non-Budget Sector Long Service Leave Pool Scheme" and leave taken is reimbursed from the Scheme.

Land and Property Information funds its own long service leave liability and makes payments out of its cash balances.

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.

#### (c) Consequential on-costs

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

#### (iv) Other Provisions

Other provisions exist when OFS 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 an entity has a detailed formal plan and the entity 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.

#### (k) Fair Value Hierarchy

A number of OFS' accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under *AASB 13 Fair Value Measurement*, OFS categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

- Level 3 - inputs that are not based on observable market data (unobservable inputs).

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

Refer Note 14 and Note 32 for further disclosures regarding fair value measurements of financial and non-financial assets.

**(l) Equity and Reserves**

**(i) Revaluation Surplus**

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

**(ii) Accumulated Funds**

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

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

**(m) Equity Transfers**

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs / functions and parts thereof between NSW public sector agencies and "equity appropriations" (refer Note 1(h)(i)) are designated or required by Accounting Standards to be treated as contributions by owners and recognised as an adjustment to "Accumulated Funds". This treatment is consistent with *AASB 1004 Contributions and Australian Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure between Government departments are recognised at the amount at which the asset was recognised by the transferor Government department immediately prior to the restructure. In most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, OFS recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, OFS does not recognise that asset.

**(n) Work in Progress**

The amount due from customers for contract work are disclosed as an asset and the amount due to customers for contract work as a liability. Accordingly, amounts due from customers is shown as Work in Progress in Current Assets and amount due to customers is shown as Advance Claims in Current Liabilities.

**(o) Budgeted Amounts**

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfers of functions between entities as a result of Administrative Arrangement Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed on the primary financial statements are explained in Note 24.

**(p) Comparative Information**

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous reporting period 30 June 2014 for all amounts reported in the financial statements.

**(q) Changes in Accounting Policy, Including New or Revised Australian Accounting Standards**

**(i) Effective for the first time in 2014/15**

The accounting policies applied in 2014/15 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have been applied for the first time in 2014/15:

- **AASB 10 Consolidated Financial Statements**

*AASB 10 Consolidated Financial Statements* broadens the definition of control and requires more professional judgement to assess whether an entity is controlled.

An investor controls an investee if and only if the investor has all the following:

- (a) power over the investee;
- (b) exposure, or rights, to variable returns from its involvement with the investee; and
- (c) the ability to use its power over the investee to affect the amount of the investor's returns.

- **AASB 11 Joint Arrangements**

*AASB 11 Joint Arrangements* requires joint arrangements to be accounted for based on their contractual arrangements, and distinguishes between joint operations and joint ventures.

- **AASB 12 Disclosure of Interests in Other Entities**

*AASB 12 Disclosure of Interests in Other Entities* introduces enhanced and increased disclosures associated with other related entities ie subsidiaries, associates and joint ventures.

- **AASB 127 Separate Financial Statements**

*AASB 127 Separate Financial Statements* prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

- **AASB 128 Investments in Associates**

*AASB 128 Investments in Associates* prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates.

- **AASB 1031 Materiality**

*AASB1031 Materiality* provides reference to *AASB101 Presentation of Financial Statements* and *AASB108 Accounting Policies, Changes in Accounting Estimates and Errors* when assessing materiality. This is an interim Standard pending the amendments of all other Standards (including interpretations) to remove any references to *AASB1031*. Removal of those references will facilitate the withdrawal of this Standard.

- **AASB 1055 Budgetary Reporting**

*AASB 1055 Budgetary Reporting* sets out in a single standard the budgetary disclosure requirements for the whole of government, General Government Sector (GGS) and not-for-profit entities within the GGS.

Previously Treasury mandated disclosure of the original budgeted financial statements presented to Parliament as adjusted for section 24 transfers under the *Public Finance and Audit Act 1983*. With the introduction of the new standard, any section 24 adjustments resulting in material variances between budget and actual figures must now be included in OFS' explanation of material variances, rather than as an adjustment to the original budget.

The implementation of the above Standards did not have any impact on OFS' financial statements.

(ii) Issued but Not Yet Effective

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

The following new Accounting Standards have not been applied and are not yet effective:

**Accounting Standard/Interpretation**

- AASB 9, AASB 2010-7, AASB 2013-9 (Part C), AASB 2014-1 (Part E), AASB 2014-7 and AASB 2014-8 regarding financial instruments
- AASB 14 and AASB 2014-1(Part D) regarding Regulatory Deferral Accounts
- AASB 15 and AASB 2014-5 regarding Revenue from Contracts with Customers
- AASB 1056 Superannuation Entities
- AASB 2014-3 regarding accounting for acquisitions of interests in joint operations
- AASB 2014-4 regarding acceptable methods of depreciation and amortisation
- AASB 2014-6 regarding bearer plants
- AASB 2014-9 regarding equity method in separate financial statements
- AASB 2014-10 regarding sale or contribution of assets between and investor and its associate or joint venture
- AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle
- AASB 2015-2 regarding amendments to AASB 101 disclosure initiatives
- AASB 2015-3 regarding materiality

It is considered that the implementation of these Standards will not have any material impact on OFS' Financial Statements.

**2. EXPENSES EXCLUDING LOSSES**

**(a) Employee Related Expenses**

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and wages (including annual leave)	562,002	490,109
Superannuation - defined benefit plans	38,041	49,062
Superannuation - defined contribution plans	43,511	32,844
Long service leave	28,059	21,379
Workers' compensation insurance	5,521	4,755
Payroll tax and fringe benefits tax	36,193	30,148
Voluntary redundancy	14,240	8,779
	<b>727,567</b>	<b>637,076</b>

With the commencement of the Government Sector Employment Act 2013 on 24 February 2014, the staff of Safety, Return to Work and Support (SRWS) were transferred to OFS. Employees related expenses for the year 2014/15 include SRWS expenses for 12 months, whilst year 2013/14 has 4 months expenses.

Employee related expenses of \$7.8 million (2013/14 \$7.1 million) have been capitalised in various capital works and therefore are excluded from the above.

**(b) Other Operating Expenses**

	2015	2014
	\$'000	\$'000
Auditor's remuneration - audit of the financial statements	1,341	1,469
Cost of sales	36,797	19,950
Advertising	446	660
Bad debts expense (recovered)	87	(677)
Operating lease rental expense - minimum lease payments	31,859	37,207
Maintenance	5,609	4,795
Insurance	1,789	1,923
Valuation services contractors	22,791	21,299
Fees and charges	50,389	42,406
Postage and telephone	6,598	6,334
Printing, stationery and stores	8,552	8,546
Consultants	5,216	2,838
Other contractors	42,091	21,758
Books and periodicals	1,060	1,219
Travel and motor vehicle expenses	3,445	3,689
Computer expenses	41,482	40,912
Minor equipment	963	794
Training	3,752	3,796
Other	6,888	3,221
	<b>271,155</b>	<b>222,139</b>

**Reconciliation - Total Maintenance**

	2015	2014
	\$'000	\$'000
Maintenance expenses - contracted labour and other (non-employee related), included in Note 2(b)	5,609	4,795
Personnel services related maintenance expense included in Note 2(a)	-	-
<b>Total maintenance expenses included in Note 2(a) + 2(b)</b>	<b>5,609</b>	<b>4,795</b>

**(c) Depreciation and Amortisation Expense**

	2015	2014
	\$'000	\$'000
Depreciation		
- Buildings	445	438
- Plant and equipment	19,063	18,813
- Motor vehicles	131,110	128,636
- Leasehold improvements	4,364	5,927
	<b>154,982</b>	<b>153,814</b>
Amortisation		
- Intangible assets	33,452	35,454
	<b>188,434</b>	<b>189,268</b>

**(d) Grants and Subsidies**

	2015	2014
	\$'000	\$'000
Tenancy Advice and Advocacy Program	2,300	7,931
Grants to Government Property NSW(ii)	-	23,444
Metro Water Grants(i)	-	159,753
Grants to Teacher Housing Authority(ii)	-	5,710
Grants to State Records Authority(ii)	-	4,616
Grants to Waste Assets Management Corporation(ii)	-	11,534
Jobs Action Plan Payroll Tax Rebates	64,088	39,877
Heritage Building Program Grant	6,237	6,222
Natural Disaster Relief Grant	18,478	-
Other Grants	6,682	18,003
	<b>97,785</b>	<b>277,090</b>

- (i) The Administrative Arrangements (Administrative Changes - Ministers and Public Service Agencies) Order 2014 dated 23 April 2014 transferred the Urban Water Directorate from the Office of Finance and Services to the Department of Trade and Investment, Regional Infrastructure and Services, effective 1 May 2014.
- (ii) In accordance with the Administrative Arrangements Order 2014, OFS became part of the Treasury and Finance Cluster from 23 April 2014. The consolidated funding from Treasury previously recognised as grants are being paid directly to those entities.

**(e) Finance Costs**

	2015 \$'000	2014 \$'000
Interest on borrowings	32,282	31,821

**(f) Book Value of Motor Vehicle Inventory Sold**

	2015 \$'000	2014 \$'000
Book value of StateFleet motor vehicle inventory sold	115,337	100,722

**(g) Other Expenses**

	2015 \$'000	2014 \$'000
Compensation fund payments	5,966	4,717
Other minor expenses	359	(1,178)
	<b>6,325</b>	<b>3,539</b>

**3. REVENUE**

**(a) Appropriations**

	2015 \$'000	2014 \$'000
<b>Recurrent appropriations</b>		
Total recurrent draw-downs from NSW Treasury (per Summary of Compliance)	-	481,171
Less: Liability to Consolidated Fund (per Summary of Compliance)	-	(5,418)
	<b>-</b>	<b>475,753</b>

Comprising:

Recurrent appropriations (per Statement of Comprehensive Income)	-	475,753
	<b>-</b>	<b>475,753</b>

	2015 \$'000	2014 \$'000
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**Capital appropriations**

Total capital draw-downs from NSW Treasury (per Summary of Compliance)	-	21,860
	<b>-</b>	<b>21,860</b>

Comprising:

Capital appropriations (per Statement of Comprehensive Income)	-	21,860
	<b>-</b>	<b>21,860</b>

**(b) Transfers to the Crown Entity**

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Land and Property Information	(68,841)	(59,210)
NSW Public Works and StateFleet contribution	(5,396)	(10,765)
Return of additional procurement management fee	(5,507)	(14,329)
Expenditure Review Committee approved program funding	11,160	-
	<u>(68,584)</u>	<u>(84,304)</u>
StateFleet Motor Vehicle Reserve	(14,445)	(14,840)
	<u><b>(83,029)</b></u>	<u><b>(99,144)</b></u>

A contribution of \$68.6million (\$84.3 million for 2013/14, including a contribution of \$2.9 million for 2012/13 financial year) from the operating surplus of non-budget funded business units of OFS for the current financial year has been agreed with Crown Entity. This amount is disclosed as a liability to the Consolidated Fund (Refer to Note 18). In addition, \$5.5 million for excess management fee received were returned to Treasury offset by the Expenditure Review Committee's approved program funding of \$11.2 million.

**(c) Sale of Goods and Services**

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Mapping, spatial, surveying and related services	3,394	4,443
Project and asset management services	131,998	134,738
Titling	183,216	168,829
Valuation	21,224	18,034
Procurement Management Fee	11,120	24,099
Land and Housing Corporation Fee Recovery(i)	-	15,119
Facilities Management Fee	7,422	6,910
Penalty notice fees	24,830	25,884
Business services fee	36,323	21,824
Motor vehicle leasing	184,225	180,629
Administrative assistance	27,263	29,365
Other goods and services	30,462	30,296
	<u><b>661,477</b></u>	<u><b>660,170</b></u>

(i) On 2 August 2013, the Public Sector Employment and Management (Housing) Order 2013 transferred the staff of the NSW Land and Housing Corporation to the Department of Family and Community Services, effective 2 August 2013.

**(d) Personnel Services Revenue**

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
NSW Government Telecommunications Authority	3,406	2,891
Teacher Housing Authority	1,742	1,982
State Records Authority	15,023	10,757
Government Property NSW	18,893	20,344
Land and Housing Corporation	-	4,873
Board of Surveying and Spatial Information	334	326
Waste Assets Management Corporation	5,086	4,503
Safety, Return to Work and Support	189,807	55,126
NSW Self Insurance Corporation	5,484	5,229
Building Insurers' Guarantee Corporation	139	277
	<u><b>239,914</b></u>	<u><b>106,308</b></u>

With the commencement of the Government Sector Employment Act 2013 on 24 February 2014, the staff of Safety, Return to Work and Support (SRWS) were transferred to OFS. Personnel services revenue for the year 2014/15 from SRWS is for 12 months, whilst year 2013/14 is for 4 months.

**(e) Investment Revenue**

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest on investments	1,706	2,680
Interest on bank accounts	8,291	7,792
	<b>9,997</b>	<b>10,472</b>

**(f) Retained Taxes, Fees and Fines**

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Statutory interest	48,872	44,534
Building licensing fees	9,614	10,126
Owner builder permit fees	1,564	1,527
Plumbing inspection fees	7,771	7,530
Motor Dealers compensation fees	1,670	741
Other fees, fines and penalties	2,116	5,952
	<b>71,607</b>	<b>70,410</b>

**(g) Grants and Contributions**

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Contribution from Rental Bond Board(i)	-	7,214
Metropolitan Water CSO Grants(ii)	-	2,286
Voluntary Redundancy Grants(iii)	10,615	8,292
Rental Bond Board Grafton Relocation Grant	-	1,800
NSW Treasury Grants (iv)	354,430	-
Natural Disaster Relief Grants	18,478	-
Other	-	155
	<b>383,523</b>	<b>19,747</b>

- (i) The Administrative Order dated 1 January 2014 transferred the Consumer, Trader and Tenancy Tribunal (CTTT) from OFS to the Department of Police and Justice. Fair Trading no longer receives grant revenue to cover the funding of the Tribunal.
- (ii) Community Service Obligation (CSO) Grant Programs administered by Metropolitan Water which has been transferred to the Department of Trade and Investment, Regional Infrastructure and Services effective 1 May 2014.
- (iii) Treasury's funding for OFS voluntary redundancies.
- (iv) In accordance with the Administrative Arrangements Order 2014, OFS became part of the Treasury and Finance Cluster from 23 April 2014. The consolidated funding from Treasury previously recognised as 'Recurrent' and 'Capital' appropriations are now recognised as 'Grants and Contributions'. The NSW Treasury Grants totalling \$354.4 million comprise both recurrent (\$329.1 million) and capital (\$25.3 million) grants.

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

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

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Superannuation - defined benefit	3,697	4,121
Long service leave	7,758	6,880
Payroll tax	204	625
	<b>11,659</b>	<b>11,626</b>

(i) **Proceeds from Sale of Motor Vehicle Inventory**

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Gross proceeds of sale of motor vehicle inventory	129,821	112,949
Less: Selling costs	(3,133)	(2,765)
	<b>126,688</b>	<b>110,184</b>

(j) **Other Revenue**

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Bad debts recovered	557	7
Commissions on payroll deductions collected	16	12
Rental revenue	-	60
Credit card surcharge fees	1,617	1,496
Other	6,721	789
	<b>8,911</b>	<b>2,364</b>

4. (a) **GAIN/(LOSS) ON DISPOSAL**

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Gain/(loss) on disposal of property, plant & equipment and intangibles (other than StateFleet Motor Vehicles):		
Proceeds from disposal	111	3,355
Written down value of assets disposed/write-off	(14,997)	(5,756)
Written down value of investments sold	-	(3,942)
Net gain/(loss) on disposal of property, plant & equipment and intangibles (other than StateFleet Motor Vehicles)	<b>(14,886)</b>	<b>(6,343)</b>

(b) **OTHER GAINS/(LOSSES)**

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Increase in allowance for impairment		
Sale of goods and services	(195)	218
Retained taxes, fees, fines and other	912	(4,482)
Net other gains/(losses)	<b>717</b>	<b>(4,264)</b>

5. **PROGRAMS / ACTIVITIES OF THE OFFICE OF FINANCE AND SERVICES**

1. **Fair Trading**

This service group covers fair trading policy development and regulatory review, provision of information to consumers and traders and enforcement of compliance with fair trading laws.

2. **Public Works**

This service group provides expert advice and professional services in support of the planning, design and delivery of infrastructure and environmental projects. The group provides its services to government agencies on a fee for services basis.

3. **Government Services**

This service group is responsible for providing services to NSW Government agencies in the areas of procurement, fleet, information technology, corporate and shared services. In addition, this service group plays a pivotal role in supporting agencies in expenditure savings, information technology service delivery and corporate and shared services reform.

#### 4. Finance, Policy and Strategy

This service group covers the development of government ICT, procurement and construction policy and administration of the Office of Finance.

#### 5. State Revenue

This service group covers revenue administration services, fines management, debt management, benefit administration services, and the provision of relevant information and education to ensure people are aware of their liabilities and entitlements. This service group also covers the implementation of targeted compliance programs to ensure tax is properly paid and all unpaid tax and fine liabilities are recovered.

#### 6. Land and Property Information

This service group covers the provision of land titling, valuation, surveying, mapping and integrated spatial information services to the community, business and the Government.

#### 7. Personnel Services

This service group provides personnel services to selected agencies. Agencies include Government Property NSW, Teacher Housing Authority of New South Wales, State Records Authority of New South Wales, Waste Assets Management Corporation, the Board of Surveying and Spatial Information, NSW Self Insurance Corporation, Building Insurers' Guarantee Corporation, New South Wales Government Telecommunications Authority, Motor Accidents Authority of New South Wales, WorkCover Authority, Workers' Compensation (Dust Diseases) Board, Lifetime Care and Support Authority, Workers' Compensation Commission and the WorkCover Independent Review Officer.

### 6. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2015 \$'000	2014 \$'000
Cash at bank and on hand	209,485	166,218
Hour-Glass Cash Facility	-	69,722
Motor vehicle reserve	26,882	24,414
Special purpose funds (refer Note 27)	217,100	151,200
	<b>453,467</b>	<b>411,554</b>

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand, TCorp Hour-Glass cash facilities, motor vehicle reserve and special purpose funds.

Cash and cash equivalents recognised in the Statement of Financial Position are reconciled to cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows as follows:

	2015 \$'000	2014 \$'000
Cash and cash equivalents (per Statement of Financial Position)	453,467	411,554
Closing cash and cash equivalents (per Statement of Cash Flows)	<b>453,467</b>	<b>411,554</b>

Refer to Note 32 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

## 7. RESTRICTED ASSETS

	2015	2014
	\$'000	\$'000
Motor vehicle reserve	26,882	24,414

The purpose of Motor vehicle reserve is to manage the residual risk of the fleet. The deposits from State Fleet are general risk fees, overdue penalties and excess kilometre charges from client agencies. The Reserve Account target balance is \$10 million with an operating range of plus or minus \$10 million. Any Reserve Account funds in excess of \$20 million as at 31 December and 30 June are paid to Crown Entity. OFS has recognised \$6.8 million as a liability as at 30 June 2015.

## 8. CURRENT / NON-CURRENT ASSETS - RECEIVABLES

	2015	2014
	\$'000	\$'000
<b>Current</b>		
Sale of goods and services	164,352	168,272
Less: Allowance for impairment	(331)	(533)
	<b>164,021</b>	<b>167,739</b>
Retained taxes, fees and fines	15,651	16,318
Less: Allowance for impairment	(14,257)	(15,169)
	<b>1,394</b>	<b>1,149</b>
Other	55	-
Less: allowance for impairment	-	-
	<b>55</b>	<b>-</b>
Accrued bank interest	3,965	3,909
Long service leave reimbursable by the Crown Entity	47,989	47,597
Work in Progress(i)	10,118	14,355
Employee provisions recoverable from other agencies	1,647	1,143
Accrued income	36,090	30,446
Personnel Services receivable	67,299	28,339
Prepayments	5,419	6,289
Other	17,242	15,749
	<b>189,769</b>	<b>147,827</b>
<b>Total Current Receivables</b>	<b>355,239</b>	<b>316,715</b>
<b>Non-current</b>		
Personnel Services receivable	159,104	171,078
<b>Total Non-current Receivables</b>	<b>159,104</b>	<b>171,078</b>
<i>Movement in the allowance for impairment</i>	<b>2015</b>	<b>2014</b>
	\$'000	\$'000
Sale of goods and services - allowance for impairment		
Balance at July 1	533	1,879
Amounts written off during the year	(77)	(787)
Amounts recovered during the year	(320)	(341)
Increase/(decrease) in allowance recognised in profit or loss	195	(218)
Balance at 30 June	<b>331</b>	<b>533</b>
	<b>2015</b>	<b>2014</b>
	\$'000	\$'000
Retained taxes, fees and fines - allowance for impairment		
Balance at July 1	15,169	10,687
Amounts written off during the year	-	-
Increase/(decrease) in allowance recognised in profit or loss	(912)	4,482
Balance at 30 June	<b>14,257</b>	<b>15,169</b>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 32.

(i) **Work in Progress**

OFS acts as a principal in the contract for construction works undertaken for clients. The role of OFS includes the payment of contractors on the clients' behalf.

Work in Progress represents the cost of all works in progress less progress billings to clients and is net of a provision for uncollectable work in progress of \$1.2 million (\$1.7 million in 2014). At 30 June 2015, work in the ground was valued at \$88.3 million (\$74 million in 2014) and this accrual is reflected in current liabilities (refer Note 15).

The contract conditions allow OFS to require performance bonds from the contractors in the form of cash deposit, unconditional bank guarantee or insurance bonds to cover OFS against losses that may arise from incomplete or faulty jobs.

The amounts due from customers for contract work are disclosed as an asset (Work in Progress) and the amount due to customers for contract work as a liability (Advance Claim). Gross Work in Progress and billings to date are as follows:

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Gross work in progress for the year	883,883	838,080
Billings during the year	(872,565)	(822,017)
Net work in progress	11,318	16,063
Allowance for uncollectable work in progress	(1,200)	(1,708)
Work in progress as per Statement of Financial Position	<b>10,118</b>	<b>14,355</b>

Under the security of payment legislation, General Conditions of Contract AS 2124 and GC21 contracts, there are specific conditions relating to the payment of contractor claims for work completed. Penalties for failure to adhere to these conditions include payment of interest. To ensure contractual payment obligations are met, agreements have been made for major clients to pay according to a monthly cash flow determined on the basis of client funds being lodged in OFS' bank account to facilitate the payment of contractors' claims. The advances received from clients are disclosed as a liability. Cash received against advance claims is estimated to be \$14.6 million as at 30 June 2015 (\$15.1 million as at 30 June 2014).

Advance claims shown in the Statement of Financial Position as a current liability are as follows:

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Advance Claims as per Statement of Financial Position (refer Note 15)	<b>14,570</b>	<b>15,059</b>

**9. CURRENT / NON-CURRENT ASSETS - INVENTORIES**

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Finished goods held for distribution - at cost	308	357
Motor vehicle inventory held for resale (ref Note 1(i))	3,582	4,046
	<b>3,890</b>	<b>4,403</b>
<b>Non-current</b>		
Finished goods held for distribution - at cost	<b>3,281</b>	<b>3,242</b>

10. CURRENT ASSETS - FINANCIAL ASSETS AT FAIR VALUE

	2015 \$'000	2014 \$'000
<b>Financial assets</b>		
TCorp Hour-Glass investment facilities	-	9,649

Refer to Note 32 for details regarding fair value measurement, credit risk, liquidity risk and market risk arising from financial instruments.

11. NON-CURRENT ASSETS - OTHER

	2015 \$'000	2014 \$'000
<b>Non-Current Assets</b>		
Investments (i) & (ii)	9,633	9,633

(i) OFS represents the NSW Government on the Board of Public Sector Mapping Authority Ltd (PSMA). OFS holds one share, but does not have control or significant influence on the policy and operations of PSMA Ltd. The Investment is disclosed at the cost of one dollar.

(ii) OFS holds 8,915,423 ordinary shares in the capital of Property Exchange Australia Limited (formerly known as National E-Conveyancing Development Limited) on behalf of the State of New South Wales, but does not have control or significant influence on the policy and operations of National E-Conveyancing Development Limited. The investment of \$9.633 million is recognised at cost.

12. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Leasehold Improvements \$'000	Total \$'000
<b>At 1 July 2014 - fair value</b>					
Gross carrying amount	102,276	164,232	734,860	60,843	1,062,211
Accumulated depreciation and impairment	(1,007)	(106,917)	(215,142)	(26,824)	(349,890)
<b>Net carrying amount</b>	<b>101,269</b>	<b>57,315</b>	<b>519,718</b>	<b>34,019</b>	<b>712,321</b>
<b>At 30 June 2015 - fair value</b>					
Gross carrying amount	103,779	174,809	737,426	60,792	1,076,806
Accumulated depreciation and impairment	(1,452)	(123,361)	(212,373)	(30,008)	(367,194)
<b>Net carrying amount</b>	<b>102,327</b>	<b>51,448</b>	<b>525,053</b>	<b>30,784</b>	<b>709,612</b>

## Reconciliation

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

	Land and Buildings \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Leasehold Improvements \$'000	Total \$'000
<b>Year ended 30 June 2015</b>					
Net carrying amount at start of year	101,269	57,315	519,718	34,019	712,321
Additions	1,503	20,302	251,574	2,012	275,391
Transfers to Motor Vehicle Inventory	-	-	(114,873)	-	(114,873)
Disposals	-	(35)	-	(138)	(173)
Depreciation expense	(445)	(19,063)	(131,110)	(4,364)	(154,982)
Reclassifications	-	1,320	(256)	1,543	2,607
Write-offs	-	(8,391)	-	(2,288)	(10,679)
<b>Net carrying amount at end of year</b>	<b>102,327</b>	<b>51,448</b>	<b>525,053</b>	<b>30,784</b>	<b>709,612</b>

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 14.

	Land and Buildings \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Leasehold Improvements \$'000	Total \$'000
<b>At 1 July 2013 - fair value</b>					
Gross carrying amount	110,254	157,256	731,577	64,355	1,063,442
Accumulated depreciation and impairment	(577)	(108,681)	(209,353)	(27,626)	(346,237)
<b>Net carrying amount</b>	<b>109,677</b>	<b>48,575</b>	<b>522,224</b>	<b>36,729</b>	<b>717,205</b>
<b>At 30 June 2014 - fair value</b>					
Gross carrying amount	102,276	164,232	734,860	60,843	1,062,211
Accumulated depreciation and impairment	(1,007)	(106,917)	(215,142)	(26,824)	(349,890)
<b>Net carrying amount</b>	<b>101,269</b>	<b>57,315</b>	<b>519,718</b>	<b>34,019</b>	<b>712,321</b>

## Reconciliation

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

Year Ended 30 June	Land and Buildings \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Leasehold Improvements \$'000	Total \$'000
<b>2014</b>					
Net carrying amount at start of year	109,677	48,575	522,224	36,729	717,205
Additions	1,276	31,947	228,745	8,313	270,281
Transfers to Motor Vehicle Inventory	-	-	(100,696)	-	(100,696)
Disposals	(560)	(1,335)	-	(1,791)	(3,686)
Depreciation expense	(438)	(18,813)	(128,636)	(5,927)	(153,814)
Transfer Out (other Agencies)	-	(68)	-	(343)	(411)
Reclassifications	(8,686)	(1,666)	(1,919)	(1,171)	(13,442)
Write-offs	-	(1,325)	-	(1,791)	(3,116)
<b>Net carrying amount at end of year</b>	<b>101,269</b>	<b>57,315</b>	<b>519,718</b>	<b>34,019</b>	<b>712,321</b>

### 13. INTANGIBLE ASSETS

	<b>Software \$'000</b>
<b>At 1 July 2014</b>	
Cost (gross carrying amount)	404,307
Accumulated amortisation and impairment	<u>(266,285)</u>
<b>Net carrying amount</b>	<b><u>138,022</u></b>

<b>At 30 June 2015</b>	
Cost (gross carrying amount)	425,081
Accumulated amortisation and impairment	<u>(282,034)</u>
<b>Net carrying amount</b>	<b><u>143,047</u></b>

#### Reconciliation

A reconciliation of the cost of each class of intangible assets at the beginning and end of the current reporting period is set out below:

	<b>Software \$'000</b>
<b>Year ended 30 June 2015</b>	
Net carrying amount at start of year	138,022
Additions	37,870
Amortisation	<u>(33,452)</u>
Reclassifications	4,586
Write-offs	<u>(3,979)</u>
<b>Net carrying amount at end of year</b>	<b><u>143,047</u></b>

#### Reconciliation

A reconciliation of the cost of each class of intangible assets at the beginning and end of the previous reporting period is set out below:

	<b>Software \$'000</b>
<b>At 1 July 2013</b>	
Cost (gross carrying amount)	379,400
Accumulated amortisation and impairment	<u>(250,855)</u>
<b>Net carrying amount</b>	<b><u>128,545</u></b>

<b>At 30 June 2014</b>	
Cost (gross carrying amount)	404,307
Accumulated amortisation and impairment	<u>(266,285)</u>
<b>Net carrying amount</b>	<b><u>138,022</u></b>

	<b>Software \$'000</b>
<b>Year ended 30 June 2014</b>	
Net carrying amount at start of year	128,545
Assets transferred out on administrative restructure	(452)
Additions	35,501
Amortisation	<u>(35,454)</u>
Reclassifications	16,090
Write-offs	<u>(6,208)</u>
<b>Net carrying amount at end of year</b>	<b><u>138,022</u></b>

## 14. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

### (i) Fair Value Hierarchy

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, OFS has classified its non-financial assets into the three levels prescribed under "AASB 13 Fair Value Measurements".

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Year ended 30 June 2015</b>				
Land	-	43,853	-	43,853
Buildings	-	58,474	-	58,474
<b>Carrying amount at end of year</b>	<b>-</b>	<b>102,327</b>	<b>-</b>	<b>102,327</b>

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Year ended 30 June 2014</b>				
Land	-	43,853	-	43,853
Buildings	-	57,416	-	57,416
<b>Carrying amount at end of year</b>	<b>-</b>	<b>101,269</b>	<b>-</b>	<b>101,269</b>

There were no transfers between level 1, 2 or 3 during the period.

### (ii) Valuation techniques used to determine Level 2 Fair Values

OFS obtains independent valuations for its land and buildings every three years. The last revaluation was completed on 30 April 2013.

At the end of each reporting period, OFS updates its assessment of the fair value of its land and buildings, taking into account the most recent independent valuation.

The fair value of OFS' land and buildings is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where such information is not available, the asset's fair value is measured at the market buying price, the best indicator of which is depreciated replacement cost. The level 2 fair value of land and buildings has been derived using the market approach. The key inputs under this approach are from the sales of comparable land and buildings in the area.

## 15. CURRENT LIABILITIES - PAYABLES

	2015 \$'000	2014 \$'000
Accrued salaries, wages and on-costs	25,690	19,829
Creditors	133,416	115,812
Advance claims (refer Note 8(i))	14,570	15,059
Amounts due to contractors for work in progress (refer Note 8(i))	88,298	74,000
Prepaid income	17,677	9,266
Other	4,389	9,961
	<b>284,040</b>	<b>243,927</b>

Refer Note 32 for details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables.

16. **CURRENT / NON-CURRENT LIABILITIES - BORROWINGS**

	2015 \$'000	2014 \$'000
<b>Current Liabilities</b>		
TCorp borrowings	173,354	198,991
	<b>173,354</b>	<b>198,991</b>
<b>Non-Current Liabilities</b>		
TCorp borrowings	367,640	337,821
	<b>367,640</b>	<b>337,821</b>
<b>Total Borrowings</b>	<b>540,994</b>	<b>536,812</b>

OFS has a loan facility with TCorp with a limit of \$650 million (\$650 million 30 June 2014) to fund the StateFleet Leasing Arrangement. Each month funds are drawn from this facility to cover the purchase price of motor vehicles purchased during the previous month. Monthly settlement of principal and interest are made in respect of loan funds drawn down in prior months based on repayment schedules calculated according to individual vehicle lease terms, residuals and capital costs. The monthly settlement also includes repayment of outstanding principal for vehicles disposed of during the preceding month. Borrowings are recognised at amortised cost using the effective interest method in AASB 139.

Out of this facility, \$541 million was utilised as at 30 June 2015 (\$537 million 30 June 2014).

Refer Note 32 for details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings.

17. **CURRENT / NON-CURRENT LIABILITIES - PROVISIONS**

	2015 \$'000	2014 \$'000
<b>Current Provisions</b>		
<b>Employee benefits and related on-costs</b>		
Annual leave	49,860	51,659
Long service leave	119,518	116,770
Other on-costs	32,609	28,028
	<b>201,987</b>	<b>196,457</b>
<b>Other Provisions</b>		
Provision for outstanding claims	5,531	5,782
Make good provisions	6,215	5,978
	<b>11,746</b>	<b>11,760</b>
<b>Total Current Provisions</b>	<b>213,733</b>	<b>208,217</b>
<b>Non-current Provisions</b>		
Defined Benefit Superannuation Schemes	839,500	742,093
Long service leave	5,605	5,477
<b>Total Non-current Provisions</b>	<b>845,105</b>	<b>747,570</b>
<b>Total Provisions</b>	<b>1,058,838</b>	<b>955,787</b>
<b>Aggregate employee benefits and related on-costs</b>		
Provisions - current	206,294	201,934
Accrued salaries, wages and on-costs (Note 15)	25,536	19,829
	<b>231,830</b>	<b>221,763</b>
<b>Employee benefits expected to be settled within 12 months from the end of the reporting period</b>		
Annual leave	47,826	45,062
Long service leave	8,862	18,743
	<b>56,688</b>	<b>63,805</b>

	2015 \$'000	2014 \$'000
<b>Employee benefits expected to be settled in more than 12 months from the end of the reporting period</b>		
Annual leave	1,557	6,597
Long service leave	120,367	103,504
	<b>121,924</b>	<b>110,101</b>

**Movements in provisions (other than employee benefits)**

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

**Provision for outstanding claims**

Carrying amount as at beginning of financial year	5,782	5,531
Increase/(decrease) in provision from remeasurement	(251)	251
Carrying amount at end of financial year	<b>5,531</b>	<b>5,782</b>

**Other provisions**

Carrying amount as at beginning of the financial year	5,978	5,072
Increase/(decrease) in provision from remeasurement	237	906
Carrying amount at end of financial year	<b>6,215</b>	<b>5,978</b>

**18. CURRENT / NON-CURRENT LIABILITIES - OTHER**

	2015 \$'000	2014 \$'000
<b>Current Liabilities</b>		
Contribution to Crown Entity	68,584	81,428
Excess Consolidated Fund draw down	-	5,418
	<b>68,584</b>	<b>86,846</b>
First Home Owners Grant Scheme	495	244
Lease Incentive Liability	49	52
Torrens Assurance Fund and Advalorem Levy	4,708	2,434
Other	12,548	5,413
	<b>17,800</b>	<b>8,143</b>
	<b>86,384</b>	<b>94,989</b>
<b>Non-Current Liabilities</b>		
Lease Incentive Liability	(306)	693
Other	1,446	380
	<b>1,140</b>	<b>1,073</b>

**19. DEFINED BENEFIT SUPERANNUATION SCHEMES**

**Fund Information**

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS);
- State Superannuation Scheme (SSS);
- Police Superannuation Scheme (PSS); and
- State Authorities Non-Contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes - at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the schemes are closed to new members.

## ***Regulatory Framework***

The schemes in the Pooled Fund are established and governed by the following NSW legislation: Superannuation Act 1916, State Authorities Superannuation Act 1987, Police Regulation (Superannuation) Act 1906, State Authorities Non-Contributory Superannuation Scheme Act 1987, and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the Commonwealth Superannuation Industry (Supervision) Act 1993 (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under the Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed at 30 June 2012. The report of the triennial review as at 30 June 2015 is expected to be released by the end of 2015.

## ***Responsibilities of Trustee***

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles:

- Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules;
- Management and investment of the fund assets; and
- Compliance with other applicable regulations.

## ***Risk Exposure***

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

- Investment risk - the risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
- Longevity risk - the risk that pensioners live longer than assumed, increasing future pensions.
- Pension indexation risk - the risk that pensions will increase at a rate greater than assumed, increasing future pensions.
- Salary growth risk - the risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- Legislative risk - the risk that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

## ***Significant Events***

There were no fund amendments, curtailments or settlements during the period.

### Reconciliation of the Net Defined Benefit Liability/(Asset)

A summary of assets and liabilities recognised in the Statement of Financial Position as at 30 June 2015 is as follows:

	<b>SASS \$'000</b>	<b>SANCS \$'000</b>	<b>SSS \$'000</b>	<b>Total \$'000</b>
Net Defined Benefit Liability/(Asset) at beginning of the period	52,535	8,863	680,695	742,093
Current service cost	6,960	2,480	5,520	14,960
Net Interest on the net defined benefit liability/(asset)	1,820	299	24,219	26,338
Actual return on Fund assets less Interest income	(14,709)	(3,443)	(110,751)	(128,903)
Actuarial (gains)/losses arising from changes in demographic assumptions	(117)	(19)	867	731
Actuarial (gains)/losses arising from changes in financial assumptions	8,614	2,177	185,401	196,192
Actuarial (gains)/losses arising from liability experience	(30)	(1,127)	(2,060)	(3,217)
Employer contributions	(3,105)	(1,026)	(4,563)	(8,694)
<b>Net Defined Benefit Liability/(Asset) at end of the period</b>	<b>51,968</b>	<b>8,204</b>	<b>779,328</b>	<b>839,500</b>

Comparative information as at 30 June 2014 is as follows:

	<b>SASS \$'000</b>	<b>SANCS \$'000</b>	<b>SSS \$'000</b>	<b>Total \$'000</b>
Net defined benefit liability/(asset) at beginning of the period	50,097	10,271	721,135	781,503
Current service cost	7,051	2,511	8,536	18,098
Net interest on the next defined benefit liability/(asset)	1,836	366	27,285	29,487
Actual return on fund assets less interest income	(15,714)	(3,782)	(114,018)	(133,514)
Actuarial (gains)/losses arising from changes in financial assumptions	8,869	3,248	75,127	87,244
Actuarial (gains)/losses arising from liability experience	3,915	(2,467)	(31,137)	(29,689)
Employer contributions	(3,519)	(1,284)	(6,233)	(11,036)
<b>Net defined benefit liability/(asset) at 30 June 2014</b>	<b>52,535</b>	<b>8,863</b>	<b>680,695</b>	<b>742,093</b>

### Reconciliation of the Fair Value of Fund Assets

A reconciliation of the fair value of fund assets for the financial year to 30 June 2015 is as follows:

	<b>SASS \$'000</b>	<b>SANCS \$'000</b>	<b>SSS \$'000</b>	<b>Total \$'000</b>
Fair value of Fund assets at beginning of the period	186,559	46,685	1,392,779	1,626,023
Interest income	6,438	1,603	48,400	56,441
Actual return on Fund assets less Interest income	14,709	3,443	110,751	128,903
Employer contributions	3,106	1,024	4,564	8,694
Contributions by participants	2,929	-	4,792	7,721
Benefits paid	(17,144)	(7,944)	(81,037)	(106,125)
Taxes, premiums & expenses paid	2,537	649	9,215	12,401
<b>Fair value of Fund assets at end of the period</b>	<b>199,134</b>	<b>45,460</b>	<b>1,489,464</b>	<b>1,734,058</b>

Comparative information as at 30 June 2014 is as follows:

	<b>SASS</b> <b>\$'000</b>	<b>SANCS</b> <b>\$'000</b>	<b>SSS</b> <b>\$'000</b>	<b>Total</b> <b>\$'000</b>
Fair value of fund assets at beginning of the year	181,609	47,231	1,298,086	1,526,926
Interest income	6,504	1,695	47,965	56,164
Actuarial return on fund assets less interest income	15,714	3,782	114,018	133,514
Employer contributions	3,519	1,284	6,233	11,036
Contributions by participants	3,078	-	5,795	8,873
Benefits paid	(26,943)	(8,808)	(85,904)	(121,655)
Taxes, premiums and expenses paid	3,078	1,501	6,586	11,165
<b>Fair value of fund assets at 30 June 2014</b>	<b>186,559</b>	<b>46,685</b>	<b>1,392,779</b>	<b>1,626,023</b>

### Reconciliation of the Present Value of the Defined Benefit Obligations

A reconciliation of the present value of the defined benefit obligation for the financial year to 30 June 2015 is as follows:

	<b>SASS</b> <b>\$'000</b>	<b>SANCS</b> <b>\$'000</b>	<b>SSS</b> <b>\$'000</b>	<b>Total</b> <b>\$'000</b>
Present value of defined benefit obligations at beginning of the period	239,094	55,548	2,073,474	2,368,116
Current service cost	6,960	2,479	5,521	14,960
Interest cost	8,258	1,900	72,620	82,778
Contributions by participants	2,930	-	4,792	7,722
Actuarial (gains)/losses arising from changes in demographic assumptions	(117)	(19)	867	731
Actuarial (gains)/losses arising from changes in financial assumptions	8,614	2,177	185,401	196,192
Actuarial (gains)/losses arising from liability experience	(30)	(1,125)	(2,062)	(3,217)
Benefits paid	(17,144)	(7,944)	(81,037)	(106,125)
Taxes, premiums & expenses paid	2,538	648	9,215	12,401
<b>Present value of defined benefit obligations at end of the period</b>	<b>251,103</b>	<b>53,664</b>	<b>2,268,791</b>	<b>2,573,558</b>

Comparative information as at 30 June 2014 is as follows:

	<b>SASS</b> <b>\$'000</b>	<b>SANCS</b> <b>\$'000</b>	<b>SSS</b> <b>\$'000</b>	<b>Total</b> <b>\$'000</b>
Present value of defined benefit obligations at beginning of the period	231,706	57,502	2,019,221	2,308,429
Current service cost	7,051	2,511	8,536	18,098
Interest cost	8,340	2,061	75,250	85,651
Contributions by fund participants	3,078	-	5,795	8,873
Actuarial (gains)/losses arising from changes in financial assumptions	8,869	3,248	75,127	87,244
Actuarial (gains)/losses arising from liability experience	3,915	(2,467)	(31,137)	(29,689)
Benefits paid	(26,943)	(8,808)	(85,904)	(121,655)
Taxes, premiums and expenses paid	3,078	1,501	6,586	11,165
<b>Present value of defined benefit obligations at 30 June 2014</b>	<b>239,094</b>	<b>55,548</b>	<b>2,073,474</b>	<b>2,368,116</b>

## Fair Value of Fund Assets

All Pooled Fund assets are invested by Superannuation Trustee Corporation at arm's length through independent fund managers and assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. As such, the disclosures below relate to total assets of the Pooled Fund.

### As at 30 June 2015

Asset Category	Total (A\$'000)	Quoted prices in active markets for identical assets	Significant observable inputs	Unobservable inputs
		Level 1 (A\$'000)	Level 2 (A\$'000)	Level 3 (A\$'000)
Short Term Securities	2,641,516	95,603	2,545,913	-
Australian Fixed Interest	2,656,598	958	2,638,759	16,881
International Fixed Interest	1,003,849	(110)	1,003,959	-
Australian Equities	10,406,940	9,898,541	503,999	4,400
International Equities	13,111,481	9,963,287	2,585,150	563,044
Property	3,452,609	948,421	718,406	1,785,782
Alternatives	7,170,187	622,102	3,020,225	3,527,860
<b>Total</b>	<b>40,443,180</b>	<b>21,528,802</b>	<b>13,016,411</b>	<b>5,897,967</b>

### As at 30 June 2014

Asset Category	Total (A\$'000)	Quoted prices in active markets for identical assets	Significant observable inputs	Unobservable inputs
		Level 1 (A\$'000)	Level 2 (A\$'000)	Level 3 (A\$'000)
Short Term Securities	2,452,755	1,572,615	880,140	-
Australian Fixed Interest	2,365,014	10,928	2,354,086	-
International Fixed Interest	880,529	-	880,529	-
Australian Equities	11,738,636	11,494,549	241,423	2,664
International Equities	10,953,329	8,172,677	2,780,531	121
Property	3,272,986	894,113	692,296	1,686,577
Alternatives	6,329,410	565,401	4,897,152	866,857
<b>Total</b>	<b>37,992,659</b>	<b>22,710,283</b>	<b>12,726,157</b>	<b>2,556,219</b>

The percentage invested in each asset class at the reporting date is:

As at	30 June 2015	30 June 2014
Short Term Securities	6.5%	6.5%
Australian Fixed Interest	6.6%	6.2%
International Fixed Interest	2.5%	2.3%
Australian Equities	25.7%	30.9%
International Equities	32.4%	28.8%
Property	8.6%	8.6%
Alternatives	17.7%	16.7%
<b>Total</b>	<b>100%</b>	<b>100%</b>

\* Additional to the assets disclosed above, at 30 June 2015, the Pooled Fund has provisions for receivables/(payables) estimated to be around \$1.74 billion, giving estimated assets totalling around \$42.2 billion.

Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this levels are listed shares; listed unit trusts.

Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts containing where quoted prices are available in active markets for identical assets or liabilities.

Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

### Fair Value of Financial Instruments

The disclosures below relate to total assets of the Pooled Fund.

The fair value of the Pooled Fund assets as at 30 June 2015 includes \$209.2 million in NSW government bonds.

Of the direct properties owned by the Pooled Fund:

- GPNSW occupies part of a property owned by the Pooled Fund with a fair value of \$159 million (30 June 2014: \$153 million).

### Significant Actuarial Assumptions at 30 June 2015

As at	30 June 2015	30 June 2014
Discount rate	3.03% pa	3.57% pa
Salary increase rate (excluding promotional increases)	2.50% 2015/2016 to 2018/2019; 3.50% 2019/2020; 3.00% pa 2021/2022 to 2024/2025; 3.50% pa thereafter	2.27% pa to 30 June 2015, then 2.5% pa to 30 June 2018, 3.0% pa from 1 July 2018 to 30 June 2023, and 3.5% pa thereafter
Rate of CPI increase	2.50% 2015/2016; 2.75% 2016/2017 & 2017/2018; 2.50% pa thereafter	2.50% pa
Pensioner mortality	The pensioner mortality assumptions are as per the 2012 actuarial investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age.	As per the 2012 actuarial investigation of the Pooled Fund.

### Sensitivity Analysis

OFS' total defined benefit obligation as at 30 June 2015 under several scenarios is presented below.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

2015	Base Case	Scenario A -1.0% discount rate	Scenario B +1.0% discount rate
Discount rate	3.03%	2.03%	4.03%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$'000)	2,573,558	2,985,655	2,240,232

<b>2014</b>	<b>Base Case</b>	<b>Scenario A -1.0% discount rate</b>	<b>Scenario B +1.0% discount rate</b>
Discount rate	3.57%	2.57%	4.57%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$'000)	2,368,116	2,734,335	2,071,126

<b>2015</b>	<b>Base Case</b>	<b>Scenario C +0.5% rate of CPI increase</b>	<b>Scenario D -0.5% rate of CPI increase</b>
Discount rate	as above	as above	as above
Rate of CPI increase	2.5%	3.0%	2.0%
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$'000)	2,573,558	2,752,840	2,410,331

<b>2014</b>	<b>Base Case</b>	<b>Scenario C +0.5% rate of CPI increase</b>	<b>Scenario D -0.5% rate of CPI increase</b>
Discount rate	as above	as above	as above
Rate of CPI increase	2.5%	3.0%	2.0%
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$'000)	2,368,116	2,528,654	2,221,906

<b>2015</b>	<b>Base Case</b>	<b>Scenario E +0.5% salary increase rate</b>	<b>Scenario F -0.5% salary increase rate</b>
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation (A\$'000)	2,573,558	2,589,684	2,557,957

<b>2014</b>	<b>Base Case</b>	<b>Scenario E +0.5% salary increase rate</b>	<b>Scenario F -0.5% salary increase rate</b>
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation (A\$'000)	2,368,116	2,382,303	2,354,364

<b>2015</b>	<b>Base Case</b>	<b>Scenario G +5% pensioner mortality rates</b>	<b>Scenario H -5% pensioner mortality rates</b>
Defined benefit obligation (A\$'000)	2,573,558	2,542,675	2,606,316

<b>2014</b>	<b>Base Case</b>	<b>Scenario G +5% pensioner mortality rates</b>	<b>Scenario H -5% pensioner mortality rates</b>
Defined benefit obligation (A\$'000)	2,368,116	2,342,245	2,395,511

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

#### **Asset-Liability Matching Strategies**

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cash flows to manage liquidity requirements.

## Funding Arrangements

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2012. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

The next triennial review as at 30 June 2015, the report is expected to be released by the end of 2015. Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

### a) (Surplus)/Deficit

The following is a summary of the 30 June 2015 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	<b>SASS</b> 30 June 2015 \$'000	<b>SANCS</b> 30 June 2015 \$'000	<b>SSS</b> 30 June 2015 \$'000	<b>Total</b> 30 June 2015 \$'000
Accrued benefits	200,071	41,503	1,196,709	1,438,283
Net market value of Fund assets	(199,135)	(45,460)	(1,489,463)	(1,734,058)
<i>Net (surplus)/deficit</i>	936	(3,957)	(292,754)	(295,775)

Comparative information as at 30 June 2014 is as follows:

	<b>SASS</b> \$'000	<b>SANCS</b> \$'000	<b>SSS</b> \$'000	<b>Total</b> \$'000
Accrued benefit	196,011	45,025	1,174,943	1,415,979
Net market value of Fund assets	(186,558)	(46,685)	(1,392,780)	(1,626,023)
<i>Net (surplus)/deficit</i>	9,453	(1,660)	(217,837)	(210,044)

### b) Contribution Recommendations

Recommended contribution rates for OFS are:

#### 2015

<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>
Multiple of member contributions	Percentage member salary	Multiple of member contributions
1.9%	0.0%	1.6%

#### 2014

<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>
Multiple of member contributions	Percentage member salary	Multiple of member contributions
1.16%	0.48%	0.31%

### c) Economic Assumptions

The economic assumptions adopted for the 30 June 2012 actuarial investigation of the Pooled Fund are:

<b>Weighted Average Assumptions</b>	
Expected rate of return on Fund assets backing current pension liabilities	8.3%
Expected rate of return on Fund assets backing other liabilities	7.3%
Expected salary increase rate	SASS, SANCS, SSS 2.7% pa (PSS 3.5% pa) to 30 June 2018, then 4.0% pa thereafter
Expected rate of CPI increase	2.5%

### d) Expected Contributions

<b>As at 30 June 2015</b>	<b>SASS</b> \$'000	<b>SANCS</b> \$'000	<b>SSS</b> \$'000	<b>Total</b> \$'000
Expected employer contributions	2,960	1,187	4,533	8,681

<b>As at 30 June 2014</b>	<b>SASS \$'000</b>	<b>SANCS \$'000</b>	<b>SSS \$'000</b>	<b>Total \$'000</b>
Expected employer contributions	3,124	1,324	5,620	10,068

**e) Maturity Profile of Defined Benefit Obligation**

The weighted average duration of the defined benefit obligation is 13.2 years (13.6 for year 2014).

**Expense Recognised in Statement of Comprehensive Income**

Total expense recognised in Statement of Comprehensive Income for the period 1 July 2014 to 30 June 2015 is summarised below:

	<b>SASS \$'000</b>	<b>SANCS \$'000</b>	<b>SSS \$'000</b>	<b>Total \$'000</b>
Current service cost	6,960	2,480	5,521	14,960
Net interest	1,820	298	24,219	26,338
<b>Expense Recognised</b>	<b>8,780</b>	<b>2,778</b>	<b>29,740</b>	<b>41,298</b>

Comparative information as at 30 June 2014 is as follows:

	<b>SASS \$'000</b>	<b>SANCS \$'000</b>	<b>SSS \$'000</b>	<b>Total \$'000</b>
Current service cost	7,051	2,511	8,536	18,098
Net interest	1,836	366	27,285	29,487
<b>Expense recognised</b>	<b>8,887</b>	<b>2,877</b>	<b>35,821</b>	<b>47,585</b>

**Amount Recognised in Other Comprehensive Income**

Total amount recognised in Other Comprehensive Income during 2015 is as follows:

	<b>SASS \$'000</b>	<b>SANCS \$'000</b>	<b>SSS \$'000</b>	<b>Total \$'000</b>
Actuarial (gains)/losses on liabilities	8,467	1,033	184,206	193,706
Actual return on Fund assets less interest income	(14,709)	(3,443)	(110,751)	(128,903)
<b>Total Remeasurement in Other Comprehensive Income</b>	<b>(6,242)</b>	<b>(2,410)</b>	<b>73,455</b>	<b>64,803</b>

Comparative information as at 30 June 2014 is as follows:

	<b>SASS \$'000</b>	<b>SANCS \$'000</b>	<b>SSS \$'000</b>	<b>Total \$'000</b>
Actuarial (gains)/losses on liabilities	12,784	781	43,989	57,554
Actual return on Fund assets less interest income	(15,714)	(3,782)	(114,018)	(133,514)
<b>Total Remeasurement in Other Comprehensive Income</b>	<b>(2,930)</b>	<b>(3,001)</b>	<b>(70,029)</b>	<b>(75,960)</b>

**20. INCREASE/DECREASE IN NET ASSETS FROM EQUITY TRANSFERS**

**Year 2014/15**

On 1 December 2014 the *Motor Vehicle Repairs Act 1980* that constituted the Motor Vehicle Repair Industry Authority (MVRIA) was repealed by the *Motor Dealers and Repairers Act 2013*. MVRIA ceased to exist from that date. The new Compensation Fund under the *Motor Dealers and Repairers Act 2013* is the continuation of the funds of MVRIA. MVRIA transferred a cash balance of \$8.9 million to OFS, this transfer has resulted in an increase in equity of \$8.9 million.

## Year 2013/14

Assets and liabilities transferred from the NSW Self Insurance Corporation and the Building Insurers' Guarantee Corporation to OFS on 1 July 2013 were summarised as assets of \$0.6 million and liabilities of \$0.6 million. The transfer had a nil impact on net assets.

Assets and liabilities transferred from OFS for the NSW Land and Housing Corporation to the Department of Family and Community Services were summarised as assets \$10.5 million and liabilities \$10.5 million. The transfer had a nil impact on net assets.

Assets and liabilities transferred from the Safety, Return to Work and Support Division to the Office of Finance and Services on 24 February 2014 were summarised as assets \$178.5 million and liabilities \$178.5 million. The transfer had a nil impact on net assets.

Assets and liabilities were transferred from OFS for the Consumer, Trader and Tenancy Tribunal to the Department of Police and Justice on 1 January 2014. The transfer had a negative \$0.8 million impact on net assets.

Assets and liabilities were transferred from OFS for the Urban Water Directorate to the Department of Trade and Investment, Regional Infrastructure and Services on 1 May 2014. The impact of the transfer was a decrease in assets of \$ 1.6 million offset by a decrease in liabilities of \$17.9 million, resulting in a \$16.3 million increase in net assets.

The total impact on net assets from equity transfers above was \$15.5 million for the 2013/14 financial year.

## 21. COMMITMENTS FOR EXPENDITURE

### (a) Capital Commitments

	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>
Aggregate capital expenditure for the acquisition of information technology equipment and other equipment contracted for at balance date and not provided for:		
Not later than one year	30,214	19,561
Later than one year and not later than five years	-	968
<b>Total (including GST)</b>	<b><u>30,214</u></b>	<b><u>20,529</u></b>

### (b) Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable:

Not later than one year	41,007	49,091
Later than one year and not later than five years	154,549	153,405
Later than five years	70,240	108,054
<b>Total (including GST)</b>	<b><u>265,796</u></b>	<b><u>310,550</u></b>

The total commitments above include input tax credits of \$26.9 million (\$30.1 million in 2014) that are expected to be recovered from the Australian Taxation Office.

OFS has entered into operating lease agreements with government agencies and private companies for provision of accommodation and plant and equipment for OFS' use.

### Property Leases

Accommodation leases are entered into with Government Property NSW. The term of accommodation leases range from two to ten years with the option for renewal for further terms. The lease agreement allows the lessor to review rents on specified dates. There is no option for the purchase of buildings at the expiry of the lease term. Recurrent outgoings including cleaning, electricity, rates, management fees, however public liability insurance is the responsibility of OFS whereas all repairs and maintenance of a structural or capital nature is the responsibility of the lessor.

## Equipment Leases

OFS leases equipment, including document reproduction machines and scanning machines, from private sector companies. The lease term is generally five years with the option for renewal for a further term. An early termination fee is applicable for termination of the contract before the expiry of the contract term. There is no option for the purchase of equipment at the expiry of the lease term.

## Data Centre Lease

As part of the Data Centre Reform Project the NSW Government entered into an Agreement for Lease and Service Deed with a third party contractor on 25 May 2012 to provide data capacity across the government sector. The lease term is for 10 years and OFS will manage this lease commitment on behalf of the government. The cost of this commitment will be offset by Fees for Service recovered from other government agencies mandated to utilise the load capacity of the Data Centres.

## 22. LEASE REVENUE COMMITMENTS

	2015 \$'000	2014 \$'000
Aggregate lease revenue for StateFleet motor vehicles:		
Not later than one year	153,265	147,255
Later than one year and not later than five years	155,774	129,268
Later than five years	444	939
<b>Total (including GST)</b>	<b>309,483</b>	<b>277,463</b>

The above lease commitment includes GST of \$28.1 million (\$25.2 million in 2014) that is expected to be paid to the Australian Taxation Office.

The NSW Government introduced the StateFleet Leasing Arrangement in 2003 for the provision of passenger and commercial motor vehicles to budget sector and other approved agencies.

All new motor vehicles delivered to the approved client agencies are financed under the StateFleet Leasing Arrangement. This arrangement is financed by the NSW Treasury Corporation and managed by StateFleet.

The lease agreement is a long term rental arrangement which provides clients with a vehicle in return for a fixed monthly payment. StateFleet retains all the capital risks and costs associated with ownership of a vehicle. When the client returns the vehicle there is no residual liability on sale.

## 23. CONTINGENT ASSETS AND LIABILITIES

### (a) Contingent Assets

As at the reporting date, OFS does not have any contingent assets (2014:Nil).

### (b) Contingent Liabilities

#### Insurance Claims

OFS may be liable for payment of compensation arising from claims and other matters subject to litigation. The amounts involved cannot be accurately determined and in some instances are subject to arbitration. These claims are covered by the Treasury Managed Fund.

#### Torrens Assurance Fund

The Torrens Assurance Fund, a special deposit account operated by OFS (refer Note 27), has 21 outstanding claims. OFS estimates the amount payable as a result of these claims to be \$12.6 million (\$16 million as at 30 June 2014). OFS is not aware of any further contingent liabilities at the date of these financial statements (Nil 30 June 2014).

## 24. BUDGET REVIEW

### Net result

Actual net result for OFS for 2014/15 is a deficit of \$22.3 million compared to the original budgeted deficit of \$9.6 million, an unfavourable variance of \$12.7 million. This unfavourable result is mainly due to the deferral of \$31.1 million capital expenditure and associated Treasury grant funding to future financial years. In addition, \$14.9 million was incurred for whole of government ICT projects and asset write downs. These unfavourable variances are offset by better than budgeted operating results of \$33.3 million.

### Assets and Liabilities

OFS' net liabilities as at 30 June 2015 was \$134 million compared to the original budget net assets of \$402 million. The \$536 million unfavourable decrease is mainly due to the increase in net liability for defined benefits superannuation liability as a result of actuarial assumptions and membership data as at 30 June 2015.

### Cash Flows

Net increase in cash during the year is \$33.0 million compared to a budgeted net decrease in cash of \$41.4 million. The favourable variance of \$74.4 million is a combination of increased net cash inflows from operating activities and lower than budgeted expenditure on capital programs.

## 25. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	2015 \$'000	2014 \$'000
Net cash used on operating activities	224,760	160,791
Depreciation and amortisation	(188,434)	(189,268)
Net gain/(loss) on sale of plant and equipment	(14,886)	(6,343)
Increase/(decrease) in receivables	26,550	205,137
(Increase)/decrease in inventories	(474)	271
(Increase)/decrease in payables	(40,113)	(8,851)
(Increase)/decrease in provisions	(38,248)	(202,756)
(Increase)/decrease in other liabilities	8,538	(41,493)
<b>Net result</b>	<b>(22,307)</b>	<b>(82,512)</b>

## 26. TRUST FUNDS

### (a) Funeral Fund

OFS administers money in a Miscellaneous Trust Fund held at NSW Treasury which is used for payments to claimants against the Russell Kinsella Funeral Fund as a result of voluntary liquidation of Russell Kinsella Proprietary Limited in 1982. These monies are excluded from the financial statements as OFS cannot use them for the achievement of its objectives. The following is a summary of the balance in the trust account:

	2015 \$'000	2014 \$'000
Funeral Fund	111	111

There were no transactions in this account during the year.

### (b) Land Acquisition (Just Terms Compensation) Trust

Under Section 51 of the *Land Acquisition (Just Terms Compensation) Act 1991*, OFS is required to pay any unpaid compensation into a Trust Account. These monies are excluded from the financial statements as OFS cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account:

	2015 \$'000	2014 \$'000
Cash balance at beginning of financial year	297	289
Add: Receipts	7	8
Less: Payments	(17)	-
Cash balance at end of financial year	<b>287</b>	<b>297</b>

**(c) Unclaimed Money Trust Accounts**

As at 30 June 2015

	Testamentary & Trust Common Fund \$'000	Testamentary & Trust Interest \$'000	Companies Liquidation \$'000	Total \$'000
Cash balance at beginning of financial year	4,342	10,514	17	14,873
Add: Receipts	3	357	-	360
Less: Transfers to Crown	-	-	(17)	(17)
Cash balance at end of financial year	<b>4,345</b>	<b>10,871</b>	<b>-</b>	<b>15,216</b>

Comparative information as at 30 June 2014 is as follows:

	Testamentary & Trust Common Fund \$'000	Testamentary & Trust Interest \$'000	Companies Liquidation \$'000	Total \$'000
Cash balance at beginning of financial year	4,341	10,134	17	14,492
Add: Receipts	1	380	-	381
Cash balance at end of financial year	<b>4,342</b>	<b>10,514</b>	<b>17</b>	<b>14,873</b>

Under Section 26 of the *Trustee Companies Act 1964* unclaimed monies are paid into the testamentary and trust common fund held by the Office of State Revenue. Interest received from investments from the common fund are credited to the interest account.

Companies liquidation represents amounts received from the disposal of property under Section 462 of the *Companies (New South Wales) Code*.

**(d) State Debt Recovery Office (SDRO) Client Funds Account - Fines**

	2015 \$'000	2014 \$'000
Cash balance at beginning of financial year	16,212	15,045
Add: Receipts	141,789	140,292
Less: Payments	(140,585)	(139,125)
Cash balance at end of financial year	<b>17,416</b>	<b>16,212</b>

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

**(e) SDRO Public Monies Accounts - Fines**

	2015 \$'000	2014 \$'000
Cash balance at beginning of financial year	24,781	21,716
Add: Receipts	312,957	302,703
Less: Payments	(309,392)	(299,638)
Cash balance at end of financial year	<b>28,346</b>	<b>24,781</b>

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

**(f) SDRO Civil Debt**

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash balance at beginning of financial year	-	-
Add: Receipts	112	-
Less: Payments	(78)	-
Cash balance at end of financial year	<b>34</b>	-

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

27. SPECIAL PURPOSE FUNDS ADMINISTERED BY THE OFFICE OF FINANCE AND SERVICES

These funds are included within OFS' Statement of Financial Position.

As at 30 June 2015

	Motor Dealers Compensation Fund \$'000	Property Services Compensation Fund \$'000	Statutory Interest Account \$'000	Home Building Administration Fund \$'000	Torrens Assurance Fund \$'000
Balance as at beginning of the year	2,328	12,974	146,275	322	1,727
Receipts	10,583	2,528	52,303	11,663	3,604
Expenditure	(132)	(4,085)	(11,858)	(10,509)	(623)
<b>Balance as at end of year</b>	<b>12,779</b>	<b>11,417</b>	<b>186,720</b>	<b>1,476</b>	<b>4,708</b>

Comparative information as at 30 June 2014 is as follows:

	Motor Dealers Compensation Fund \$'000	Property Services Compensation Fund \$'000	Property Statutory Interest Account \$'000	Home Building Administration Fund \$'000	Torrens Assurance Fund \$'000
Balance as at beginning of year	2,091	16,682	129,485	2,768	276
Receipts	812	3,209	47,511	12,717	3,382
Expenditure	(575)	(6,917)	(30,721)	(15,163)	(1,931)
<b>Balance as at 30 June 2014</b>	<b>2,328</b>	<b>12,974</b>	<b>146,275</b>	<b>322</b>	<b>1,727</b>

The *Motor Dealers Act 1974* was repealed on 1 December 2014 and was replaced by the *Motor Dealers and Repairers Act 2013*. The *Motor Dealers and Repairers Act 2013*, established the **Motor Dealers and Repairers Compensation Fund** to provide protection to persons who have suffered a loss in connection with a motor vehicle through their dealings with a motor dealer or a car-market operator. Licensing fees paid by full dealers and car-market operators finance the fund. Claims are usually made on the fund when a motor dealer ceases to trade either on a voluntary basis or a forced closure.

The *Property, Stock and Business Agents Act 2002* established the **Property Services Compensation Fund** which is supported by:

- (i) investment income earned on the investments of the fund;
- (ii) contributions or levies paid by licensees; and
- (iii) other lawful receipts.

The money in the Compensation Fund is applied to:

- (i) payment of claims, as provided by the Act;
- (ii) legal expenses in relation to claims, licensing objections and complaints for cancellation, incurred in relation to the Fund;
- (iii) the expense involved in the administration of the Fund; and
- (iv) other lawful expenses.

The **Property Statutory Interest Account** is supported by interest earned on trust money held by Real Estate Agents and investments made by OFS.

The account is used to meet the costs of administering the *Property, Stock and Business Agents Act 2002* and various other Acts, supplement the Compensation Fund when required, pay grants to various government and non-government agencies and invest in schemes to provide residential accommodation.

The **Home Building Administration Fund** is supported by:

- (i) prescribed fees for contractor licences, registration certificates, owner-builder permits and building consultancy licences;
- (ii) investment income earned on the investments of the Fund; and
- (iii) other lawful receipts.

The money in the Home Building Administration Fund is applied to:

- (i) meeting the costs of operating the scheme;
- (ii) meeting the costs of administering the *Home Building Act 1989*; and
- (iii) the making of any authorised investments.

The *Real Property Act 1900* establishes the **Torrens Assurance Fund** (TAF) as a special deposit account; which is funded by a component of the fee paid on lodgement of a dealing affecting Real Property land. The Fund is established to pay compensation to a person(s) who has suffered a loss or damage as a consequence of the operation of the *Real Property Act* including the costs and expenses of the Registrar General in connection with any claim for compensation under the Fund; and the payment of compensation in settling a claim against the Fund.

## 28. ADMINISTERED ASSETS AND LIABILITIES

	2015 \$'000	2014 \$'000
<b>Administered Assets</b>		
Licensing fees	-	3,987
Tax receivables	682,674	648,906
Fine receivables (i)	545,384	528,510
	<u>1,228,058</u>	<u>1,181,403</u>
Less:		
Allowance for impairment - taxes	(27,633)	(25,220)
Allowance for impairment - fines	(179,882)	(153,609)
Amounts not meeting asset recognition criteria - fines	(77,144)	(103,768)
	<u>(284,659)</u>	<u>(282,597)</u>
<b>Total Administered Assets</b>	<b><u>943,399</u></b>	<b><u>898,806</u></b>
<b>Administered Liabilities</b>		
Liability to Consolidated Fund	-	3,987
Taxes & fines paid in advance / overpayments	20,878	36,924
<b>Total Administered Liabilities</b>	<b><u>20,878</u></b>	<b><u>40,911</u></b>

(i) Fines receivables in 2014/15 include \$146.6 million (2013/14: \$61.8 million) in time to pay arrangements with a finalisation date extending beyond twelve months.

## 29. ADMINISTERED EXPENSES - OTHER

During the year, the Office of State Revenue incurred the following expenses on behalf of the Crown Entity:

	2015 \$'000	2014 \$'000
Act of Grace payments	188	225
Court imposed interest payments	621	1,341
Unclaimed money refund - S14 <i>Public Finance and Audit Act</i>	183	112
Bad debts expense (i)	80,625	32,396
Land tax discounts (ii)	23,115	21,727
GST rebate - Clubs (iii)	15,901	16,216
First Home Owners Grant Scheme (FHOGS) (iv)	121,577	103,006
NSW New Home Grant Scheme (v)	85,045	112,455
Regional relocation grant (vi)	12,405	10,286
Payroll Tax Disability Rebate	10	82
Remissions (vii)	41,597	32,851
<b>Total administered expenses</b>	<b><u>381,267</u></b>	<b><u>330,697</u></b>

- (i) **Bad debts expense** - 2013/14 includes a reversal of provision for bad debts of \$63.3 million following a Court decision.
- (ii) **Land tax discounts** - a 1.5% discount is offered to land tax clients for full payment of their liability by the first instalment date.
- (iii) **GST rebate to clubs** - the GST rebate is paid to clubs to compensate for the impact of the GST. It is based on gaming profits and is paid quarterly.
- (iv) **First Home Owners Grant Scheme** - the First Home Owners Grant eligibility criteria changed in October 2012 to assist eligible first home owners to purchase a new home or build their home. Prior to the change, the grant was also payable in respect of an existing dwelling.
- (v) **NSW New Home Grant Scheme** - a \$5,000 grant available to buyers of new homes with a value up to \$650,000 and to buyers of vacant land that is intended to be the site of a new home valued up to \$450,000.
- (vi) **Regional relocation grant** - the grant assists applicants with the cost of relocating from their metropolitan home to a regional home. The Regional Relocation Home Buyers grant closed on 30 September 2014 and the Skilled Regional Relocation Incentive closed on 31 March 2015.
- (vii) **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.

30. ADMINISTERED INCOME - CROWN ENTITY

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

(a) Revenue earned

	Actual 2015 \$'000	Actual 2014 \$'000
<b>Taxes, penalties and interest</b>		
Duties (i)	9,247,526	7,849,075
Parking space levy (i)	105,517	105,682
Payroll tax (i)	8,489,620	8,108,761
Land tax (i)	2,525,551	2,389,093
Health insurance levy (i)	178,387	177,260
Insurance protection tax	-	53
<b>Sub total</b>	<b>20,546,601</b>	<b>18,629,924</b>
<b>Gaming and racing</b>		
Lotteries	326,690	325,705
Keno tax	13,701	12,542
Totalizator tax on and off course totes	114,128	121,109
Fixed odds sports betting (i)	15,347	11,061
Fixed odds racing betting (i)	27,260	20,232
Footy TAB	682	644
Club gaming devices (i) (iii)	721,165	684,681
Hotel gaming devices (i) (iii)	595,049	533,181
<b>Total gaming and racing</b>	<b>1,814,022</b>	<b>1,709,155</b>
<b>Total taxes, penalties and interest</b>	<b>22,360,623</b>	<b>20,339,079</b>
<b>Fines (ii)</b>		
Motor traffic fines	426,361	401,892
Fees	69,284	76,894
Court fines	35,909	25,487
Other fines	5,265	16,439
<b>Total fines</b>	<b>536,819</b>	<b>520,712</b>
<b>Total taxes, fines, penalties and interest</b>	<b>22,897,442</b>	<b>20,859,791</b>
<b>Other</b>		
Tax equivalents	843,786	1,142,842
Mineral royalties (i) (iv)	1,139,313	-
Certificate and licences	51,796	52,321
Torrens Assurance Fund and Ad Valorem Levy	461	864
Unclaimed money	48,281	16,927
Other revenue	3,148	1,748
<b>Total other</b>	<b>2,086,785</b>	<b>1,214,702</b>
<b>Total revenue earned</b>	<b>24,984,227</b>	<b>22,074,493</b>

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

	Actual 2015 \$'000	Actual 2014 \$'000
Duties	27,969	(20,044)
Parking space levy	2,730	2,594
Payroll tax	61,269	49,518
Land tax	19,639	20,421
Health insurance levy	3	-
Fixed odds sports betting	-	1
Fixed odds racing betting	1	1
Club gaming devices	383	468
Hotel gaming devices	432	516
Mining royalties	12	-
<b>Total</b>	<b>112,438</b>	<b>53,475</b>

- (ii) \$14.9 million has been recognised in fines revenue (\$7.4 million in 2013/14) for amounts previously considered unrecoverable.
- (iii) Approved clubs and hotels can pay their quarterly gaming machine tax in three equal instalments without being charged interest for the late payment. The scheme aims to assist those demonstrating financial hardship.
- (iv) Collection of mineral royalties in NSW transferred to OSR from the NSW Department of Trade and Investment, Regional Infrastructure and Services (NSW Trade & Investment) in the 2014/15 financial year.

**(b) Revenue collected**

	<b>Actual 2015 \$'000</b>	<b>Actual 2014 \$'000</b>
<b>Taxes, penalties and interest</b>		
Duties	9,218,893	7,835,047
First home purchase scheme	2	3
<b>Total duties</b>	<b>9,218,895</b>	<b>7,835,050</b>
Parking space levy (i)	103,475	101,049
Payroll tax	8,417,339	8,059,180
Land tax	2,484,913	2,393,051
Health insurance levy	178,374	177,260
Insurance protection tax	-	99
<b>Sub total</b>	<b>11,184,101</b>	<b>10,730,639</b>
<b>Gaming and racing</b>		
Lotteries	326,690	325,704
Keno tax	13,701	12,542
Totalizator tax on and off course totes	114,128	121,109
Fixed odds sports betting	15,347	11,060
Fixed odds racing betting	27,259	20,232
Footy TAB	682	644
Club gaming devices	723,070	682,090
Hotel gaming devices	594,589	532,581
<b>Total gaming and racing</b>	<b>1,815,466</b>	<b>1,705,962</b>
<b>Total taxes, penalties and interest (ii)</b>	<b>22,218,462</b>	<b>20,271,651</b>
<b>Fines</b>		
Motor Traffic fines	392,192	371,673
Fees	49,922	51,655
Court fines	17,660	13,922
Other fines	3,303	5,789
<b>Total fines</b>	<b>463,077</b>	<b>443,039</b>
<b>Total taxes, fines, penalties and interest</b>	<b>22,681,539</b>	<b>20,714,690</b>
<b>Other</b>		
Tax equivalents	845,153	1,142,842
Mineral royalties	1,139,733	-
Certificate and licences (iii)	51,796	52,321
Torrens Assurance Fund and Ad Valorem Levy	469	865
Unclaimed money	48,281	16,927
Other revenue	3,148	1,748
<b>Total other</b>	<b>2,088,580</b>	<b>1,214,703</b>
<b>Total revenue collected</b>	<b>24,770,119</b>	<b>21,929,393</b>

- (i) OSR collects parking space levy imposed under the *Parking Space Levy Act 2009* on behalf of Transport for NSW. OSR is reimbursed by Transport for NSW for refunds paid.
- (ii) Amounts totalling \$58.2 million paid on 30 June 2015 and transferred to the Crown Entity in July 2015 are included in the above figures.
- (iii) Certificate and Licences income includes income received in advance of \$10.1 million as at 30 June 2015 (\$16.3 million as at June 2014) due to the introduction of three year home building licences.

### 31. ADMINISTERED CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Crown Solicitor or other legal firms are currently acting on a number of matters on behalf of OFS in the normal course of activities. A settlement estimate for administered contingent liabilities cannot be reliably determined. There are no administered contingent assets.

### 32. FINANCIAL INSTRUMENTS

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

OFS' main risks arising from financial instruments are outlined below, together with OFS' objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial statement.

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

#### (a) Financial Instrument Categories

Financial Assets	Note	Category	2015	2014
			\$'000	\$'000
			Carrying Amount	Carrying Amount
Class:				
Cash and cash equivalents	6	Not applicable	453,467	411,554
Receivables(i)	8	Loans and receivables (at amortised cost)	237,736	226,431
Financial assets at fair value	10	At fair value through profit or loss - designated as such upon initial recognition	-	9,649
Other financial assets	11	Held-to-maturity (at amortised cost)	9,633	9,633
<b>Financial Liabilities</b>	<b>Note</b>	<b>Category</b>		
Class:				
Payables(ii)	15	Financial liabilities measured at amortised cost	260,479	216,486
Borrowings	16	Financial liabilities measured at amortised cost	540,994	536,812

(i) Excludes statutory receivables and prepayments (ie not within scope of AASB 7)

(ii) Excludes statutory payables and unearned revenue (ie not within scope of AASB 7)

#### (b) Credit Risk

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

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

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

## Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury. The TCorp Hour-Glass cash facility is discussed in paragraph (d) below.

## Receivables - Trade Debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors; however there is provision for interest to be charged on certain debtors. Sales are made on terms up to 30 days.

OFS is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2015: \$203.8 million; 2014: \$209.1 million) and less than three months past due (2015: \$7.2 million; 2014: \$9.9 million) are not considered impaired and together these represent 88.8% (2014: 96.7%) of the total trade debtors.

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

	Total <sup>1,2</sup> \$'000	Past Due But Not Impaired <sup>1,2</sup> \$'000	Considered Impaired <sup>1,2</sup> \$'000
<b>2015</b>			
< 3 months overdue	7,218	7,196	22
3 months - 6 months overdue	2,169	2,169	0
> 6 months overdue	24,544	24,236	308
<b>2014</b>			
< 3 months overdue	9,863	9,844	19
3 months - 6 months overdue	1,486	1,465	21
> 6 months overdue	5,958	5,485	473

### Notes:

1. Each column in the table reports "gross receivables".
2. The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the Statement of Financial Position.

## Authority Deposits

OFS has placed funds on deposit with TCorp, which has been rated 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed 'at call' or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of 2.8% (2014 3.0%), while over the year the weighted average interest rate was 2.08% (2014 - 2.9%) on a weighted average balance during the year of \$41.7 million (2014 - \$66.6 million). In accordance with Treasury Circular TC15-01, dated 19 January 2015, TCorp deposit has been transferred into Westpac accounts within the Treasury Banking System. None of these assets are past due or impaired.

**(c) Liquidity Risk**

Liquidity risk is the risk that OFS will be unable to meet its payment obligations when they fall due. OFS continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

OFS has a loan facility with TCorp with a limit of \$650 million to fund the StateFleet Leasing Arrangement. Out of this facility \$541 million was utilised as at 30 June 2015.

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made no later than 30 days from date of receipt of a correctly rendered invoice. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For payments to other suppliers, the Head of an authority (or person appointed by the Head of an authority) may automatically pay the supplier simple interest. The rate of interest applied during the year was 10.61% (2014 – 10.66%).

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

	Weighted Average Effective Interest Rate	Nominal Amount(i)	\$'000 Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate	Variable Interest Rate	Non-interest Bearing	< 1 Year	1-5 Years	> 5 Years
<b>2015</b>								
<i>Payables Borrowings</i>	-	-	-	-	-	-	-	-
Bank overdraft	-	-	-	-	-	-	-	-
Advances repayable	-	-	-	-	-	-	-	-
TCorp borrowings	6.25%	643,738	643,738	-	-	184,188	459,550	-
Other loans and deposits	-	-	-	-	-	-	-	-
Finance leases	-	-	-	-	-	-	-	-
	-	643,738	643,738	-	-	184,188	459,550	-
<b>2014</b>								
<i>Payables Borrowings</i>	-	-	-	-	-	-	-	-
Bank overdraft	-	-	-	-	-	-	-	-
Advances repayable	-	-	-	-	-	-	-	-
TCorp borrowings	6.0%	629,828	629,828	-	-	210,930	418,898	-
Other loans and deposits	-	-	-	-	-	-	-	-
Finance leases	-	-	-	-	-	-	-	-
	-	629,828	629,828	-	-	210,930	418,898	-

(i) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement of Financial Position.

(d) **Market Risk**

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which OFS operates and the time frame for the assessment (ie until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2014. The analysis assumes that all other variables remain constant.

**Interest Rate Risk**

Exposure to interest rate risk arises primarily through OFS' interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp. OFS does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1.0% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. OFS' exposure to interest rate risk is set out below.

	\$'000				
	Carrying Amount	Net Result -1.0%	Equity -1.0%	Net Result +1.0%	Equity +1.0%
<b>2015</b>					
<i>Financial Assets (i)</i>					
Cash and cash equivalents	453,467	(4,535)	(4,535)	4,535	4,535
Financial assets at fair value					
<i>Financial Liabilities (i)</i>					
Borrowings	540,994	(5,410)	(5,410)	5,410	5,410

	\$'000				
	Carrying Amount	Net Result -1.0%	Equity -1.0%	Net Result +1.0%	Equity +1.0%
<b>2014</b>					
<i>Financial Assets (i)</i>					
Cash and cash equivalents	411,554	(4,116)	(4,116)	4,116	4,116
Financial assets at fair value	9,649	(96)	(96)	96	96
<i>Financial Liabilities (i)</i>					
Borrowings	536,812	(2,684)	(2,684)	2,684	2,684

(i) Both receivables and payables are excluded as OFS deems there exists no interest exposure.

## Other Price Risk - TCorp Hour-Glass Facilities

Exposure to "other price risk" primarily arises through the investment in the TCorp Hour-Glass Investment Facilities, which are held for strategic rather than trading purposes. OFS has no direct equity investments. OFS holds units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment Horizon	Consolidated	
			2015 \$'000	2014 \$'000
Cash Facility	Cash, money market instruments	Up to 1.5 years	-	411,554
Strategic Cash Facility	Cash, money market and other interest rate instruments	1.5 years to 3 years	-	9,649

NSW TCorp provides sensitivity analysis information for each of the investment facilities, using historically based volatility information collected over a ten year period, quoted at two standard deviations (ie 95% probability). The TCorp Hour-Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity). A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass statement).

	Impact on Profit/Loss		
	Change in Unit Price	2015 \$'000	2014 \$'000
Cash Facility	+/- 1.0%	-	4,116
Hour-Glass Investment - Strategic Cash Facility	+/- 1.0%	-	96

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

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value. As discussed, the value of the Hour-Glass Investments is based on OFS' share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using "redemption" pricing.

The amortised cost of financial instruments recognised in the Statement of Financial Position approximates the fair value, because of the short-term nature of many of the financial instruments.

### (f) Fair value recognised in the Statement of Financial Position

OFS uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique.

- Level 1 - Derived from quoted prices in active markets for identical assets/liabilities.
- Level 2 - Derived from inputs other than quoted prices that are observable directly or indirectly.
- Level 3 - Derived from valuation techniques that for the asset/liability not based on observable market data (unobservable inputs).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2015 Total \$'000
TCorp Hour-Glass Investment Facility	-	-	-	-
	-	-	-	-

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2014 Total \$'000
TCorp Hour-Glass Investment Facility	-	9,649	-	9,649
	-	9,649	-	9,649

The value of the Hour-Glass Investments is based on the entity's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

### 33. EVENTS AFTER THE REPORTING PERIOD

#### Administrative Arrangements

The Administrative Arrangements (*Administrative Changes - Public Service Agencies*) Order 2015 dated 2 April 2015 has changed the name of the Office of Finance and Services (OFS) to the Department of Finance, Services and Innovation, effective 1 July 2015.

The Administrative Order has also transferred staff of the Department of Planning and Environment, who enable the exercise of functions of Sydney Harbour Foreshore Authority to the Department of Finance, Services and Innovation (DFSI), effective 1 July 2015.

The Administrative Arrangements (*Administrative Changes - Public Service Agencies*) Order (No 2) 2015 dated 27 May 2015 has transferred the following functions effective 1 July 2015:

- Staff of the Department of Trade and Investment, Regional Infrastructure and Services administering the Charitable Fundraising Act and the exercise of functions of the Mine Subsidence Compensation Board
- Staff of the Department of Planning and Environment, who enable the exercise of functions of the Building Professionals Board
- Staff of the Department of Justice administering the *Professional Standards Act*.

DFSI will recognise Sydney Harbour Foreshore Authority, Building Professionals Board and the Mine Subsidence Compensation Board as a personnel services arrangement. DFSI will recognise the associated employee related expenses and offsetting revenue specific to these separate statutory reporting entities. There will be no impact on the net result of DFSI for personnel services arrangements.

The operating budget and assets and liabilities associated with the administration of the *Charitable Fundraising Act* and *Professional Standards Act* are currently being finalised.

The new legislative changes passed on 21 August 2015 have led to the following major changes in DFSI:

- Personnel Services arrangement with Safety, Return to Work and Support, NSW Self Insurance Corporation and Building Insurers' Guarantee Corporation ceased to exist effective 1 September 2015.
- A new statutory body, State Insurance Regulatory Authority (SIRA), was created effective 1 September 2015. DFSI will provide personnel services to SIRA.
- A new division, Safe Work NSW was created effective 1 September 2015.

Details of these changes are currently being finalised.

#### Superannuation Defined Benefits

As part of the 2015/16 budget process NSW Treasury and DFSI agreed to the transfer of the net liability of defined benefit superannuation schemes held as at 1 July 2015. The value of the liability to be transferred is \$840 million. The proposed transfer of liability is consistent with current policy to consolidate and centrally manage General Government sector employee liabilities within the Crown and was approved by the Treasurer on 29 June 2015.

**END OF AUDITED FINANCIAL STATEMENTS**



## INDEPENDENT AUDITOR'S REPORT

### Waste Assets Management Corporation

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Waste Assets Management Corporation (the Corporation), which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation as at 30 June 2015, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015

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

### General Manager Operations' Responsibility for the Financial Statements

The General Manager Operations is responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the General Manager Operations determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

- about the future viability of the Corporation
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements.

## **Independence**

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

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

A handwritten signature in black ink that reads "James Sugumar". The signature is written in a cursive style with a long horizontal stroke at the end.

James Sugumar  
Director, Financial Audit Services

24 September 2015  
SYDNEY



MC15/872



The Hon. Dominic Perrottet, MP  
Minister for Finance, Services and Property  
GPO Box 5341  
SYDNEY NSW 2001

Contact: James Sugumar  
Phone no: 9275 7288  
Our ref: D1525110/1563

18 September 2015

Dear Minister

## STATUTORY AUDIT REPORT

Audit for the year ended 30 June 2015

### Waste Assets Management Corporation

I have audited the financial statements of the Waste Assets Management Corporation (the Corporation) as required by the *Public Finance and Audit Act 1983* (PF&A Act). This Statutory Audit Report outlines the results of my audit for the year ended 30 June 2015, and details matters I found during my audit that are relevant to you in your role as one of those charged with the governance of the Corporation. The PF&A Act requires that I send this report to the Corporation, the Minister and the Treasurer.

This report is not the Independent Auditor's Report, which expresses my opinion on the Corporation's financial statements.

My audit is designed to obtain reasonable assurance the financial statements are free from material misstatement. It is not designed to identify and report all matters you may find of governance interest. Therefore, other governance matters may exist, which have not been reported to you.

My audit is continuous. If I identify further significant matters, I will report these to you immediately.

### Audit Result

I expressed an unmodified opinion on the Corporation's financial statements and I have not identified any significant matters since my previous Statutory Audit Report.

### Audit Findings

#### NSW Government Grant

The Corporation in April 2014 settled a past rehabilitation claim totalling \$6.7 million from a specific Government grant of \$11.5 million. It recognised the difference of \$4.8 million as a liability repayable to the Government.

I have reviewed the accounting treatment and accepted this as a provision because the terms of repayment has not been finalised.

The Corporation has requested the Minister for Finance, Services and Property to authorise the use of this fund for rehabilitation expenses. The decision by the Minister is pending at the date of this report.

### **Long Term Financial Model**

The Corporation should reassess its long term strategies to ensure sufficient funding to meet its objectives and obligations.

The Corporation's working capital adjusted for restricted cash was a deficit of \$5.7 million at 30 June 2015 (2014: \$8.6 million). The Corporation's ability to pay its debts as and when they become due and payable is supported by the \$20 million short term 'Come and Go' facility extended by the Treasury Corporation.

The Corporation's initial accumulated fund of \$53.8 million decreased to \$13.7 million at 30 June 2015 (2014: \$20.1 million).

The long term cash flow projections based on the 2015-16 Business Plans for 10 years indicates annual deficits until 2025. The cash flow projections include various assumptions including Corporation's business initiatives and cost saving programs.

### **Misstatements in the Financial Statements**

I have certain obligations for reporting misstatements:

- the PF&A Act requires agencies to obtain the Auditor-General's approval for all changes to the financial statements originally submitted for audit.
- the Auditing Standards require me to bring matters of governance interest and significant misstatements identified during the audit to your attention and others charged with governance.

### **Compliance with Legislative Requirements**

My audit procedures are targeted specifically towards forming an opinion on the Corporation's financial statements. This includes testing whether the Corporation has complied with legislative requirements that may materially impact on the financial statements. The results of the audit are reported in this context. My testing did not identify any reportable instances of non-compliance with legislative requirements.

### **Quality and Timeliness of Financial Reporting**

Treasury Circular TC 15/02 'Mandatory Early Close Procedures for 2014-15' required the Corporation to prepare certain aspects of the financial statements before year-end and provide the outcomes to the audit team. Treasury Circular TC 15/11 Agency guidelines for the 2014-15 Mandatory Annual Returns to Treasury required the Corporation to submit its year-end information to Treasury and its financial statements to the Audit Office on 27 July 2015.

The Corporation completed the mandatory early close procedures set out in TC 15/02 and supplied the outcomes to the Audit Office within the specified timeframe. The Corporation also submitted financial information to Treasury and the financial statements and supporting working papers to the Audit Office by the due dates.

### **Auditor-General's Report to Parliament**

Volume Four of the 2015 Auditor-General's Report to Parliament will incorporate the results of the audit.

## Acknowledgment

I thank the Corporation's staff for their courtesy and assistance.

Yours sincerely

A handwritten signature in black ink that reads "James Sugumar". The signature is written in a cursive style with a large, prominent "J" and "S".

James Sugumar  
Director, Financial Audit Services

## APPENDIX

### Corrected Monetary Misstatements and Disclosure Deficiencies

#### Corrected Monetary Misstatements

I did not identify any corrected monetary misstatements.

#### Corrected Disclosure Deficiencies

Management corrected the following disclosure deficiencies in the current year's financial statements. I agree with management's determination and confirm this treatment is in accordance with Australian Accounting Standards.

AASB reference	Disclosure title	Description of disclosure deficiency
AASB 101	Note 2 & 3	Management reclassified the reversal of prior year revenue and expenses relating to the carbon price mechanism.
Various	Various	Management corrected minor disclosure deficiencies identified by the audit team.

### Uncorrected Monetary Misstatements and Disclosure Deficiencies

I have not identified any material uncorrected monetary misstatements and disclosure deficiencies remaining in the financial statements.

#### Effect of Misstatements on the Reported Operating Result

To fully understand the Corporation's current year's financial result, those charged with governance should consider the impact of misstatements from previous years corrected in the current period and the postponement of errors in the current period.

This table illustrates the effect of significant misstatements individually that have not been corrected in the period in which they occurred. We have not requested a change in the financial statements as the total misstatements is not material to the financial statements taken as a whole.

Description and Effect	Net Income (Increase)/ Decrease \$'000
Operating Loss as reported	6,365
Prior year transactions recorded in the current year's operating result*	
3. Overstated landfill amortisation expense in 2013-14	(750)
4. Understated other income in 2013-14	(60)
<b>Adjusted current year Operating Loss</b>	<b>5,555</b>

\* This includes:

- misstatements reported in previous years corrected in the current year's operating result
- transactions identified and recorded in the current year, which relate to a prior period.

# **Waste Assets Management Corporation**

## **Financial Statements for the Year Ended 30 June 2015**

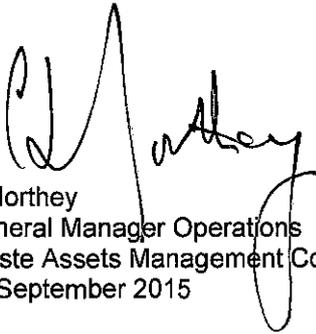
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## Waste Assets Management Corporation

### Statement by the General Manager Operations

Pursuant to Section 41C (1B) and (1C) of the *Public Finance and Audit Act, 1983*, I state that in my opinion:

- (a) The accompanying financial statements have been prepared in accordance with:
  - applicable Australian Accounting Standards (which include Australian Accounting Interpretations); and
  - The requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and the Treasurer's Directions.
- (b) The financial statements exhibit a true and fair view of the financial position of the Waste Assets Management Corporation as at 30 June 2015.
- (c) There are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



C Northey  
General Manager Operations  
Waste Assets Management Corporation  
17 September 2015

## Waste Assets Management Corporation

### Statement of Comprehensive Income for the year ended 30 June 2015

	Notes	<u>2015</u> \$'000	<u>2014</u> \$'000
<b>Revenue</b>			
Sale of goods and services	2(a)	20,150	24,614
Waste levy revenue	3(e)	74,316	68,058
Investment revenue	2(b)	1,367	2,105
Grants and contributions	2(c)	-	11,534
Other revenue	2(d)	10,349	1,604
<b>Total revenue</b>		<u><b>106,182</b></u>	<u><b>107,915</b></u>
<b>Expenses</b>			
Personnel services	3(a)	5,117	4,762
Rehabilitation expenses	4	5,374	1,209
Waste levy expense	3(e)	74,316	68,058
Other operating expenses	3(b)	20,258	31,943
Depreciation and amortisation	3(c)	5,644	8,630
Finance costs	3(d)	1,838	2,423
<b>Total expenses</b>		<u><b>112,547</b></u>	<u><b>117,025</b></u>
<b>NET RESULT FOR THE YEAR</b>	15	<u><b>(6,365)</b></u>	<u><b>(9,110)</b></u>
<b>Other comprehensive income for the year</b>		<u><b>-</b></u>	<u><b>-</b></u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><b>(6,365)</b></u>	<u><b>(9,110)</b></u>

The accompanying notes form part of these financial statements.

## Waste Assets Management Corporation

### Statement of Financial Position as at 30 June 2015

	Notes	2015 <u>\$'000</u>	2014 <u>\$'000</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	56,152	64,700
Receivables	6	14,893	14,790
Other assets	7	930	5,082
<b>Total Current Assets</b>		<b><u>71,975</u></b>	<b><u>84,572</u></b>
<b>Non-Current Assets</b>			
Property, plant & equipment			
Landfill cell cost		4,749	7,825
Land and buildings		15,296	15,902
Plant and equipment		7,305	8,283
Total property, plant and equipment	8	<u>27,350</u>	<u>32,010</u>
Other assets	7	433	5,313
<b>Total Non-Current Assets</b>		<b><u>27,783</u></b>	<b><u>37,323</u></b>
<b>TOTAL ASSETS</b>		<b><u>99,758</u></b>	<b><u>121,895</u></b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	9	14,280	16,977
Borrowings	10	-	7,500
Provisions	11	15,327	18,910
<b>Total Current Liabilities</b>		<b><u>29,607</u></b>	<b><u>43,387</u></b>
<b>Non-Current Liabilities</b>			
Provisions	11	56,417	58,409
<b>Total Non-Current Liabilities</b>		<b><u>56,417</u></b>	<b><u>58,409</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>86,024</u></b>	<b><u>101,796</u></b>
<b>NET ASSETS</b>		<b><u>13,734</u></b>	<b><u>20,099</u></b>
<b>EQUITY</b>			
Accumulated funds		13,734	20,099
<b>TOTAL EQUITY</b>		<b><u>13,734</u></b>	<b><u>20,099</u></b>

The accompanying notes form part of these financial statements.

## Waste Assets Management Corporation

### Statement of Changes in Equity for the year ended 30 June 2015

	<b>Accumulated Funds \$'000</b>
	<u>                    </u>
<b>Balance at 1 July 2014</b>	<b>20,099</b>
Net Result For The Year	<u>(6,365)</u>
<b>Total comprehensive income for the year</b>	<u><b>(6,365)</b></u>
<b>Balance at 30 June 2015</b>	<u><b>13,734</b></u>
<b>Balance at 1 July 2013</b>	<b>29,209</b>
Net Result For The Year	<u>(9,110)</u>
<b>Total comprehensive income for the year</b>	<u><b>(9,110)</b></u>
<b>Balance at 30 June 2014</b>	<u><b>20,099</b></u>

The accompanying notes form part of these financial statements.

## Waste Assets Management Corporation

### Statement of Cash Flows for the year ended 30 June 2015

	Notes	<u>2015</u> <u>\$'000</u>	<u>2014</u> <u>\$'000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Sales of goods and services		24,624	25,537
Waste Levy received		81,370	72,633
Interest received		1,367	2,105
Grants and contributions		-	11,534
<b>Total Receipts</b>		<u><b>107,361</b></u>	<u><b>111,809</b></u>
<b>Payments</b>			
Personnel services related		(4,153)	(4,215)
Finance costs		(32)	(208)
Landfill host fees paid		(5,705)	(5,313)
Waste Levy paid		(73,940)	(66,848)
GST remitted		(6,155)	(7,743)
Other		(17,437)	(18,474)
<b>Total Payments</b>		<u><b>(107,422)</b></u>	<u><b>(102,801)</b></u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	15	<u><b>(61)</b></u>	<u><b>9,008</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment		(1,093)	(982)
Proceeds from sale of property, plant and equipment		106	288
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<u><b>(987)</b></u>	<u><b>(694)</b></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowing and advances		(7,500)	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<u><b>(7,500)</b></u>	<u><b>-</b></u>
<b>NET INCREASE/(DECREASE) IN CASH</b>		<b>(8,548)</b>	<b>8,314</b>
Opening cash and cash equivalents		64,700	56,386
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	5	<u><b>56,152</b></u>	<u><b>64,700</b></u>

The accompanying notes form part of these financial statements.

## Waste Assets Management Corporation

### Notes to the Financial Statements for the year ended 30 June 2015

#### 1. Summary of significant accounting policies

##### (a) Reporting entity

The Waste Assets Management Corporation (the Corporation) operates under the provisions of the *Waste Recycling and Processing Corporation (Authorised Transaction) Act 2010* to maintain and operate the waste management centre at Eastern Creek, and to manage and rehabilitate a number of closed landfills.

During the financial year ended 30 June 2015 the Corporation ceased operation at the Belrose Waste Management Centre, and commenced implementation of the Landfill Closure Plan. The Corporation is a separate reporting entity.

The Corporation is a NSW government statutory body and is a not-for-profit entity (as profit is not its principal objective). It is consolidated as part of the NSW Total State Sector Accounts.

The Corporation was created on 23 March 2010, and commenced operations from 31 January 2011.

The Corporation was established to operate the open landfills and to then rehabilitate the current and future closed landfills. The rehabilitation of these closed landfills is expected to run until 2047.

These financial statements for the year ended 30 June 2015 have been authorised for issue by the General Manager Operations on 17 September 2015.

##### (b) Basis of preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act, 1983* and Regulation 2015.
- Financial Reporting Directions and Circulars issued by the Treasurer.

Property, Plant and equipment are measured at fair value

Other financial statement items are prepared in accordance with the historical cost convention.

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

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

##### (c) Statement of compliance

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

##### (d) Joint arrangements

###### *Joint operations*

The proportionate interests in the assets, liabilities, revenue and expenses of a joint operations activity have been incorporated in the financial statements. Details of the joint operations are set out in note 18.

##### (e) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred.

## Waste Assets Management Corporation

### Notes to the Financial Statements for the year ended 30 June 2015

#### 1. Summary of significant accounting policies (continued)

##### (f) Insurance

The Corporation'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.

##### (g) Personnel Services

Personnel Services are provided by the Office of Finance and Services is expensed when incurred (Note 3 (a)).

##### (h) Accounting for the goods and services tax (GST)

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

- the amount of GST incurred by the Corporation 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.

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

##### (i) Revenue recognition

Revenue 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) Contributions

Contributions from other bodies (including grants and donations) are generally recognised as income when the Corporation obtains control over the assets comprising the contributions.

Control over contributions is normally obtained upon the receipt of cash.

###### (ii) Sale of goods

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

###### (iii) Liquid waste

Revenue from the collection and treatment of liquid waste is recognised after the waste has been collected and treated.

###### (iv) Electricity sales

Revenues from electricity sales are recognised on an accruals basis.

###### (v) Renewable Energy Certificates (RECs)

Revenue from Renewable Energy Certificates is recognised at fair value when they are earned.

## Waste Assets Management Corporation

### Notes to the Financial Statements for the year ended 30 June 2015

#### Summary of significant accounting policies (continued)

##### (i) Revenue recognition (Continued)

###### (vi) Rendering of services

Revenue is recognised when the service is provided or by reference to the stage of completion.

Revenue, based on the stage of completion, is calculated by multiplying the rate per tonne by the number of tonnes of waste received during the period.

###### (vii) Investment revenue

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

###### (viii) Bio-banking Trust Fund Income

Payments from the trust fund are recognised as income in the year in which the cash is received.

##### (j) Fair Value Hierarchy

A number of the Corporation's accounting policies and disclosures require the measurements of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, The Corporation categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

Level 1 - quoted prices in active markets for identical assets / liabilities that the entity can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

Level 3 – inputs that are not based on observable market data (unobservable inputs).

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

Refer Note 16 and Note 17 for further disclosures regarding fair value measurements of financial and non-financial assets.

##### (k) Assets

###### (i) Acquisitions of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Corporation. 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 and interpretations.

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

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

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

## Waste Assets Management Corporation

### Notes to the Financial Statements for the year ended 30 June 2015

#### 1. Summary of significant accounting policies (continued)

##### (k) Assets (Continued)

###### (ii) Landfills, cell development and provision for rehabilitation

###### a. Landfills

The Corporation owns landfill assets. A landfill may be either developed or purchased. The cost of developing a landfill includes the expenses incurred in approval and overall site infrastructure development to bring the asset to a condition necessary for its intended use.

It is the Corporation's policy to:

- assess and recognise each landfill asset or group of landfill assets as a unit.
- measure the land value by reference to fair value.

###### b. Cell development

A landfill will normally be divided into parts, with each part (or cell) being developed one at a time. When a cell is nearly full, a new cell is developed in readiness to receive waste from the time the former cell closes. The closed cell is then capped.

The cost of cell development includes earthworks, leachate and gas capture infrastructure and cell lining to bring the asset to a condition necessary for its intended use, that is, to receive and dispose of waste and generate revenue streams.

Expenditure on cell development may be incurred in one reporting period but the airspace in the cell may last for more than that reporting period.

In recognition of the above, it is the Corporation's policy at time of cell development and reporting dates to:

- capitalise the cost of cell development in landfill assets
- amortise the expected cost of cell development over the useful life of the cell.
- recognise income streams in the reporting period earned

The amortisation for a reporting period is calculated by the volume of airspace consumed during the reporting period divided by the total airspace available when the asset started being used. Future landfill site restoration and aftercare costs capitalised are depreciated at rates that match the pattern of benefits expected to be derived from use of the respective sites.

###### c. Landfills closure and provision for rehabilitation

A landfill is deemed full when its permitted airspace is consumed and it cannot legally accept any more waste. Alternatively, a landfill may be deemed full earlier should other factors exist, for example, if it is not economically viable to continue accepting waste. At that point the cost of cell development is fully amortised to nil.

Generally, a landfill must be maintained and left in a condition specified by the Environmental Protection Authority or other government authorities. Therefore rehabilitation occurs on an ongoing basis, at the time the landfill closes, and post-closure.

In recognition of the above, it is the Corporation's policy at time of development to:

- in the case of developing a landfill, provide for the expected rehabilitation at time of development
- request environmental scientists to calculate the expected cost of rehabilitation for each landfill asset or group of landfill assets working together; and
- assess the adequacy of the provision for rehabilitation at each reporting date and either confirm its adequacy or increase or decrease the provision to the landfill asset or income statement as required and account for the cost of rehabilitation against the provision.

## Waste Assets Management Corporation

### Notes to the Financial Statements for the year ended 30 June 2015

#### 1. Summary of significant accounting policies (continued)

##### (k) Assets (Continued)

##### (ii) Landfills, Cell development and provision for Rehabilitation (Continued)

##### c. Landfills closure and provision for rehabilitation (Continued)

The provision is stated at the present value of the future cash outflows expected to be incurred, which increases each period due to the passage of time. The annual change in the net present value of the provision due to the passage of time is recognised in the statement of comprehensive income as a time value adjustment.

##### (iii) Capitalisation thresholds

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

##### (iv) 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 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment value is measured on an existing use basis, which is its highest and best use given 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. Land is carried at un-rehabilitated value.

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

The Corporation revalues each class of property, plant and equipment every three years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.

The last valuation of land and buildings was completed on 30 June 2013 and was based on an independent assessment.

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

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

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

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the statement of comprehensive income. The increment is recognised immediately as revenue in the statement of comprehensive income.

## Waste Assets Management Corporation

### Notes to the Financial Statements for the year ended 30 June 2015

#### 1. Summary of significant accounting policies (continued)

##### (k) Assets (Continued)

##### (iv) Revaluation of property, plant and equipment (Continued)

Revaluation decrements are recognised immediately as expenses in the statement of comprehensive income, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

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

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

##### (v) *Impairment of property, plant and equipment*

As a not-for-profit entity with no cash generating units, impairment under "AASB 136 Impairment of Assets" is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in rare circumstances, such as where the costs of disposal are material. Specifically, impairment is unlikely for the not-for-profit entities given that AASB 136 modifies the recoverable amount for non-cash generating assets of not-for-profit entities, to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

##### (vi) *Depreciation of property plant and equipment*

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

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

The normal life expectancies of major asset categories are as follows:

<b>Asset class</b>	<b>Years</b>
Buildings	4-20
Leasehold improvements	5-10
Plant & equipment	1-10
Specialised equipment	3-7
Furniture & fittings	3-5
Motor vehicles	3-5
Computers	1-4

Land is not a depreciable asset.

Landfills are amortised based on constructed waste volume consumed during the period.

##### (vii) *Leased assets*

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating

## Waste Assets Management Corporation

### Notes to the Financial Statements for the year ended 30 June 2015

#### 1. Summary of significant accounting policies (continued)

##### (k) Assets (Continued)

##### (vii) Leased Assets (Continued)

leases under which the lessor effectively retains all such risks and benefits. Operating lease payments are charged to the Statement of Comprehensive Income in periods in which they are incurred.

##### (i) Maintenance

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

##### (ix) Loans and receivables

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

##### (x) Bio-banking Credits

Bio-banking Credits are recognised as an intangible asset upon signing the Bio-banking Agreement with the Office of Environment and Heritage. The credits are initially recognised 'at cost'. The 'cost' of the asset is considered to be the value of the Bio-banking Liability. Bio-banking Liability is the environmental obligation to maintain the biodiversity of the land in accordance with the terms and conditions of the Bio-banking Agreement.

##### (xi) Bio-banking – Trust Fund Receivable

The Bio-banking Agreement requires that a pre-determined portion of proceeds from the sale of Credits be deposited into the Bio-banking Trust Fund. The balance of the Bio-banking Trust Fund represents amounts that will be made available to the corporation in order to fund the performance of the environmental works required under the Bio-banking Agreement.

##### (xii) Other assets

Renewable Energy Certificates generated and Australian Carbon Credit Units are stated at fair value. Fair value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

##### (xiii) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment.

An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

## Waste Assets Management Corporation

### Notes to the Financial Statements for the year ended 30 June 2015

#### 1. Summary of significant accounting policies (continued)

##### (k) Assets (Continued)

##### (xiii) Impairment of financial assets (Continued)

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

Any reversals of impairment losses are reversed through the net result for the period, 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

##### (l) Liabilities

###### (i) Payables

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

###### (ii) Borrowings

Loans are not held for trading and are recognised at amortised cost using the effective interest rate method. Gains or losses are recognised in the surplus/deficit for the period on de-recognition.

###### (iii) Provisions

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.

If the effect of the time value of money is material, provisions are discounted at 3.07% per annum, (2014: 3.7% per annum), which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

##### (m) Equity and reserves

###### (i) Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. This accords with the Corporation's policy on the revaluation of property, plant and equipment as discussed in note 1(k)(iv).

###### (ii) Accumulated funds

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

##### (n) Equity Transfers

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector agencies is designated or required by Accounting Standards to be treated as a contribution by owners and recognised as an adjustment to "Accumulated Funds". This treatment is consistent with Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

## Waste Assets Management Corporation

### Notes to the Financial Statements for the year ended 30 June 2015

#### 1. Summary of significant accounting policies (continued)

##### (n) Equity Transfers (Continued)

Transfers arising from an administrative restructure between not-for-profit entities and for-profit government departments are recognised at the amount at which the asset was recognised by the transferor immediately prior to the restructure. In most instances this will approximate fair value. All other equity transfers are recognised at fair value.

##### (o) Carbon Price Mechanism

The Commonwealth *Clean Energy Act (2011)* made the Corporation liable for future greenhouse gas emissions from waste received after 1 July 2012.

The Corporation entered into a Carbon Deed and agreed to receive reimbursements from its sole customer for potential future liabilities.

Under the Carbon Deed, the Corporation is provided with sufficient Australian Carbon Credit Units (ACCUS) or cash, to meet its liabilities.

The *Clean Energy Act (2011)* was repealed on 17 July 2014 and the Corporation ceased to be a liable entity retrospectively from 1 July 2014.

Despite the repeal, the Corporation had obligations for the 2013-14 compliance year. It met these obligations by surrendering 16,370 ACCUS to the Clean Energy Regulator on 2 February 2015.

The repeal of the *Clean Energy Act (2011)* reduced the Corporations potential liability from an estimated \$15M after 30 years to \$286,475 (the market value of 16,370 ACCUS).

##### (p) Comparatives

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

##### (q) Going Concern Basis

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

The Corporation's initial accumulated fund of \$53.8m decreased by \$13.7m at 30 June 2015. The long term cash flow projections based on the 2015/16 Business Plan indicate annual deficits from the 2018/19 years. The cash flow projections include various assumptions included the Corporation's business plan and cost saving programs.

Current Liabilities exceed current assets adjusted for restricted cash by \$5.7m (2014: \$8.6m).

The Corporation's ability to pay its debts as when they become due and payable is supported by the \$20m short term 'Come and Go' facility extended by the Treasury Corporation.

##### (r) New Australian Accounting Standards issued but not effective

A number of new accounting standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2015, and have not been applied in preparing these financial statements.

## Waste Assets Management Corporation

### Notes to the Financial Statements for the year ended 30 June 2015

#### Summary of significant accounting policies (continued)

##### (r) New Australian Accounting Standards issued but not effective (Continued)

Those which may be relevant to the Corporation are set out below:

- AASB 9 Financial Instruments (effective for reporting periods on or after 1 July 2017).

The standard replaces the multiple classification and measurement models in AASB 139 Financial Instruments: Recognition and Measurement with a single model that has only two classifications: amortised cost and fair value. There is no anticipated impact on the Corporation as all financial instruments are already recognised at amortised cost or fair value.

- Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)

[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 16, 19, 107 and 127]

This amendment has been issued as a result of the December 2010 updated AASB 9 Financial Statements. The original application from this pronouncement was for reporting periods beginning on or after 1 January 2013. This date has been changed as a result of AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (see above) that has deferred the application date to reporting periods beginning on or after 1 January 2017. There is no impact on the financial statements of the Corporation from this pronouncement.

- *Revenue from Contract with Customers* AASB 15

This standard will replace AASB 118. This new standard emphasises the notion of control replaces the existing notion of risks and rewards. This standard will commence after 1 January 2017. There is no impact to the Corporation from the adoption of this standard.

*Management has assessed the impact of the other new accounting standards and interpretations and noted that these will not have a material impact on the Corporation's financial statements.*

## Waste Assets Management Corporation

### Notes to the Financial Statements for the year ended 30 June 2015

#### 2. Revenue

	<u>2015</u> <u>\$'000</u>	<u>2014</u> <u>\$'000</u>
<b>(a) Sale of goods and services</b>		
Waste charges	16,849	20,321
Income from Joint Operations - 'Electricity and green products'	3,301	4,293
	<u>20,150</u>	<u>24,614</u>
<b>(b) Investments revenue</b>		
Interest received	1,367	2,105
	<u>1,367</u>	<u>2,105</u>
<b>(c) Grants and contributions</b>		
Cash contributions from;		
Treasury	-	11,534
	<u>-</u>	<u>11,534</u>
<b>(d) Other</b>		
Gain on disposal of assets	46	91
Carbon Pricing Mechanism	8,126	
Other Income - Gas Royalties & VENNM disposal	755	1,513
Other Income - Services Rendered	1,422	
	<u>10,349</u>	<u>1,604</u>

## Waste Assets Management Corporation

### Notes to the Financial Statements for the year ended 30 June 2015

#### 3. Expenses

	2015 \$'000	2014 \$'000
<b>(a) Personnel services</b>		
Salaries and wages	3,758	3,929
Redundancies	143	
Superannuation - defined benefit plans	(96)	(211)
Superannuation - defined contributions plans	235	256
Long service leave	52	81
Workers compensation insurance	170	169
Payroll tax and fringe benefits tax	256	241
Temporary contractors	599	297
	<b>5,117</b>	<b>4,762</b>
<b>(b) Other operating expenses</b>		
Administration	825	441
Auditors remuneration		
- audit of the financial statements	86	93
Carbon Price Mechanism	7,387	3,675
Consultancy	28	-
Fee for service	345	286
Insurance	360	813
Landfill operating expenses	1,651	1,666
Landfill host fees	4,487	4,968
Community Grants	320	-
Legal	488	2,156
Loss on disposal of assets	50	128
Maintenance	718	107
Mobile plant and motor vehicles	1,812	1,944
Operating lease rental expense	533	530
Other expenses	708	232
Rates and taxes	16	23
Site cleanup	-	14,244
Utilities and cleaning	444	637
	<b>20,258</b>	<b>31,943</b>

**Waste Assets Management Corporation**

**Notes to the Financial Statements for the year ended 30 June 2015**

**3. Expenses excluding losses (continued)**

	<u>2015</u> <u>\$'000</u>	<u>2014</u> <u>\$'000</u>
<i>*Reconciliation - Capitalised salary and wages</i>		
Personnel services related expense capitalised into Landfill Cell development costs excluded from note 3(a) above	<u>128</u>	<u>124</u>
<i>*Reconciliation - Total maintenance</i>		
Maintenance expense – contracted labour and other (non-employee related), as above	599	297
Personnel services related maintenance expense included in Note 3(a)	<u>421</u>	<u>475</u>
Total maintenance expenses included in Note 3(a) + 3(b)	<u>1,020</u>	<u>772</u>
<b>(c) Depreciation and amortisation expense</b>		
Depreciation of:		
Landfill cell costs	3,281	6,161
Land and Buildings	606	606
Plant and equipment	<u>1,757</u>	<u>1,863</u>
	<u>5,644</u>	<u>8,630</u>
<b>(d) Finance costs</b>		
Interest paid to TCorp	32	208
Unwinding of discount on landfill provision	<u>1,806</u>	<u>2,215</u>
	<u>1,838</u>	<u>2,423</u>
<b>(e) Waste levy Revenue/Expense</b>		
Waste levy revenue	74,316	68,058
Waste levy expense	<u>(74,316)</u>	<u>(68,058)</u>
Expense over revenue	<u>-</u>	<u>-</u>

## Waste Assets Management Corporation

### Notes to the Financial Statements for the year ended 30 June 2015

#### 4. Rehabilitation expenses

	2015 \$'000	2014 \$'000
Landfill rehabilitation expenses	5,374	1,209

The Corporation was vested a provision for rehabilitation on 31 January 2011. On 3 February 2011 the Corporation received \$48,942,000 from the Crown Entity to fund the future land rehabilitation liabilities.

The Corporation reassessed the provision for landfill rehabilitation on 30 June 2015. The landfill rehabilitation provision was increased by \$5,531,859 to represent the net present value of the liability (year ended 30 June 2014 increase of \$1,286,469). Landfill rehabilitation expenses include the effect of transfers to and from the Landfill Rehabilitation Fund.

At 30 June 2015 the Corporation's rehabilitation liabilities exceeded the restricted cash in the Landfill Rehabilitation Fund accounts by \$17,466,033 (2014:\$11,363,753).

The ability of the Corporation to complete its long term rehabilitation obligations is dependent upon a number of factors including, long term interest rates; regulatory changes to rehabilitation requirements and licence conditions, realisation of identified potential rehabilitation savings and further contributions to the Landfill Rehabilitation Fund by either the Corporation or the Crown. The corporation is seeking a change to licence conditions at Eastern Creek with the prospect of \$8m savings (HDPE cap, Northern Cell), \$5m PLDC settlement and operations savings may become available to the Landfill Rehabilitation Fund.

#### 5. Currents assets - cash and cash equivalents

	2015 \$'000	2014 \$'000
Cash at bank and on hand	2,182	4,879
Bank Term Deposits		
- Unrestricted	5,854	10,033
- Restricted	48,116	49,788
	<u>56,152</u>	<u>64,700</u>

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

Cash and cash equivalent assets recognised in the statement of financial position is reconciled at the end of the financial period to the statement of cash flows as follows:

Cash and cash equivalents (per statement of financial position)	56,152	64,700
Closing cash and cash equivalents (per statement of cash flows)	<u>56,152</u>	<u>64,700</u>

Restricted funds can only be spent for the specified purpose, primarily rehabilitation of landfill sites, for which it was granted to the Waste Assets Management Corporation.

Refer to Note 16 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

**Waste Assets Management Corporation**

**Notes to the Financial Statements for the year ended 30 June 2015**

**5. Currents assets - cash and cash equivalents (continued)**

**Reconciliation of Restricted Cash**

	<b>Landfill Rehabilitation Fund \$'000</b>	<b>Lucas Heights \$'000</b>	<b>Other Restricted \$'000</b>	<b>Total \$'000</b>
<b>Year ended 30 June 2015</b>				
Opening restricted funds at start of year	46,322	-	3,466	49,788
Interest received	1,341	-	96	1,437
Reimbursements for rehabilitation	(3,109)	-	-	(3,109)
<b>Restricted funds at the end of the year</b>	<b>44,554</b>	<b>-</b>	<b>3,562</b>	<b>48,116</b>

	<b>Landfill Rehabilitation Fund \$'000</b>	<b>Lucas Heights \$'000</b>	<b>Other Restricted \$'000</b>	<b>Total \$'000</b>
<b>Year ended 30 June 2014</b>				
Opening restricted funds at start of year	47,268	2,661	4,378	54,307
Interest received	1,484	61	132	1,677
Reimbursements for rehabilitation	(2,430)	-	-	(2,430)
Other payments from restricted funds	-	(2,722)	(1,044)	(3,766)
<b>Restricted funds at the end of the year</b>	<b>46,322</b>	<b>-</b>	<b>3,466</b>	<b>49,788</b>

The Landfill Rehabilitation Fund was established in accordance with Section 7 Part 2 of the *Waste Recycling and Processing Corporation (Authorised Transaction) Act 2010*. This is a special deposit account administered by the Minister for Finance, Services and Innovation. Use of funds is restricted to landfill rehabilitation purposes.

\$807,735 was withdrawn from the Landfill Rehabilitation Fund in July 2015 to cover the June 2015 Rehabilitation expenses (\$205,423 June 2014).

## Waste Assets Management Corporation

### Notes to the Financial Statements for the year ended 30 June 2015

#### 6. Current assets - receivables

	2015	2014
	\$'000	\$'000
Trade receivables	14,246	14,250
Prepayments	221	211
Receivable from other government agencies	426	329
	<u>14,893</u>	<u>14,790</u>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 16.

94% (2014:98%) of Trade Receivables relate to a sole landfill customer (Sita Environmental Solutions)

#### 7. Other assets

Other Assets	2015	2014
	\$'000	\$'000
<b>Current</b>		
Right to carbon emission units	293	4,820
Renewable Energy Certificates	314	144
Other	323	118
	<u>930</u>	<u>5,082</u>
<b>Non-current</b>		
Right to carbon emission units	-	4,842
Bio-banking Trust Fund Deposit	433	471
	<u>433</u>	<u>5,313</u>

On the 17<sup>th</sup> July 2014 the Commonwealth *Clean Energy Act (2011)* was repealed with effect from 1 July 2014. The Corporation's emission liabilities ceased and the Carbon Deed (which transferred those liabilities to the landfill customer) was terminated. The net financial impact on the Corporation was \$700k.

The Corporation has returned the Bank Guarantees provided under the terms of the Carbon Deed, to the landfill customer.

## Waste Assets Management Corporation

### Notes to the Financial Statements for the year ended 30 June 2015

#### 8. Non-current assets - property, plant and equipment

	Landfill cell cost \$'000	Land & Buildings \$'000	Plant & Equipment \$'000	Total \$'000
<b>At 30 June 2015</b>				
Gross carrying amount	28,905	17,220	17,030	63,155
Accumulated depreciation and amortisation	(24,156)	(1,924)	(9,725)	(35,805)
<b>Net carrying amount</b>	<b>4,749</b>	<b>15,296</b>	<b>7,305</b>	<b>27,350</b>
<b>At 30 June 2014</b>				
Gross carrying amount	28,700	17,220	16,622	62,542
Accumulated depreciation and amortisation	(20,875)	(1,318)	(8,339)	(30,532)
<b>Net carrying amount</b>	<b>7,825</b>	<b>15,902</b>	<b>8,283</b>	<b>32,010</b>

#### Reconciliation

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

	Landfill cell cost \$'000	Land & Buildings \$'000	Plant & Equipment \$'000	Total \$'000
<b>At 1 July 2014</b>	7,825	15,902	8,283	32,010
Additions	205	-	888	1,093
Disposal	-	-	(109)	(109)
Depreciation expense	(3,281)	(606)	(1,757)	(5,644)
<b>At 30 June 2015</b>	<b>4,749</b>	<b>15,296</b>	<b>7,305</b>	<b>27,350</b>
	Landfill cell cost \$'000	Land & Buildings \$'000	Plant & Equipment \$'000	Total \$'000
<b>At 1 July 2013</b>	13,800	16,383	9,800	39,983
Additions	186	125	671	982
Disposal	-	-	(325)	(325)
Depreciation expense	(6,161)	(606)	(1,863)	(8,630)
<b>At 30 June 2014</b>	<b>7,825</b>	<b>15,902</b>	<b>8,283</b>	<b>32,010</b>

#### Revaluation of Land and Buildings

During the year to 30 June 2015 written advice was obtained from an independent registered valuer that there had been no material change to the value of the Corporation's Land and Buildings since 30 June 2014.

During the year to 30 June 2014 written advice was obtained from an independent registered valuer that there had been no material change in value for the Corporation's Land and Buildings since 30 June 2013.

## Waste Assets Management Corporation

### Notes to the Financial Statements for the year ended 30 June 2015

#### 9. Current Liabilities - Payables

	2015 \$'000	2014 \$'000
Trade payables	568	4,019
Payable to other government agencies	402	709
Waste levy payable	11,580	11,204
Other Creditors	1,730	1,045
	<u>14,280</u>	<u>16,977</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 16.

#### 10. Borrowings

	2015 \$'000	2014 \$'000
TCorp borrowings - Current	-	7,500
	<u>-</u>	<u>7,500</u>

Waste Assets Management Corporation has NSW Treasury approval for a "Come and Go" short term borrowing facility with NSW Treasury Corporation (TCorp) of \$20 million. At 30 June 2015, the unused balance of the facility was \$20,000,000, (2014: \$12,500,000).

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 16.

**Waste Assets Management Corporation**

**Notes to the Financial Statements for the year ended 30 June 2015**

**11. Current / non-current liabilities – provisions**

	Prov. for Carbon Price Mechanism \$'000	Prov. for Landfill Rehabilitation \$'000	Prov. for Cost to Complete and Other \$'000	Total \$'000
<b>At 30 June 2015</b>				
Current provision	-	6,074	9,253	15,327
Non-current provision	-	55,946	471	56,417
<b>Total provision</b>	<b>-</b>	<b>62,020</b>	<b>9,724</b>	<b>71,744</b>
<b>At 30 June 2014</b>				
Current provision	3,021	5,283	10,606	18,910
Non-current provision	5,536	52,402	471	58,409
<b>Total provision</b>	<b>8,557</b>	<b>57,685</b>	<b>11,077</b>	<b>77,319</b>

**Movements in provisions**

Movements in each class of provision during the financial period are set out below:

	Prov. for Carbon Price Mechanism \$'000	Prov. for Landfill Rehabilitation \$'000	Prov. for Cost to Complete and Other \$'000	Total \$'000
<b>At 1-Jul-2014</b>	8,557	57,685	11,077	77,319
Additional provisions during the year	-	5,531	5,286	10,817
Amounts used	(286)	(3,147)	(6,639)	(10,072)
Unused amounts reversed	(8,271)	-	-	(8,271)
Unwinding / change in discount rate	-	1,951	-	1,951
<b>At 30-June-2015</b>	<b>-</b>	<b>62,020</b>	<b>9,724</b>	<b>71,744</b>
<b>At 1-Jul-2013</b>	4,737	56,759	4,245	65,741
Additional provisions during the year	3,675	1,287	11,662	16,624
Amounts used	-	(2,431)	(4,830)	(7,261)
Unwinding / change in discount rate	145	2,070	-	2,215
<b>At 30-June-2014</b>	<b>8,557</b>	<b>57,685</b>	<b>11,077</b>	<b>77,319</b>

## Waste Assets Management Corporation

### Notes to the Financial Statements for the year ended 30 June 2015

#### Current / non-current liabilities – provisions (continued)

##### Provisions for Carbon Price Mechanism:

- On 1 July 2012 the Commonwealth *Clean Energy Act 2011*, and associated legislation, came into effect.
- This legislation created a future liability for the Corporation for emissions from waste deposited after 1 July 2012. The Corporation developed a model forecasting carbon volumes and process.
- The Corporation transferred these emission liabilities to the sole customer, through the "Carbon Deed". Following the repeal of the *Clean Energy Act (2011)*, the Corporation's emission liabilities ceased and the Deed of Termination was executed on 27<sup>th</sup> May 2015. All Provisions relating to the Carbon Price Mechanism were reversed.

##### Provision for Costs to Complete and Other

- Included in Provision for Costs to Complete - Other

At 30 June 2015 is a provision of \$5,000,728 for unspent grant funds which are refundable to the NSW Treasury. (2014: \$4,875,000). The Corporation has increased the provision in line with interest accumulated on the Funds.

##### Provision for Landfill rehabilitation:

- Funding was received from Treasury to incur landfill rehabilitation costs on closed landfills, until 2055.
- An external valuation is carried out by appropriately qualified environmental engineers on a triennial basis. At the end of each reporting year, the assessment is adjusted for expenditure incurred, the effect of the time value of money and changes to the required scope and duration of rehabilitation activities. For reasonability, the revised provision is compared against its face value.
- The Corporation incurs all rehabilitation expenditure. Funds from the restricted purposes rehabilitation cash accounts are then reimbursed to the Corporation.
- The Corporation has a shortfall of \$17.467m (\$11.363m : 2014) of Rehabilitation Cash in order to cover its future Rehabilitation Provisions. The Corporation has several mitigation strategies in place to help alleviate this shortfall. The measures are noted in the Corporation's Business Plan.

##### Provision for Cost to Complete Projects include:

- Host fees payable to entities or community projects based on tonnes placed into landfills.
- Cost to Complete Projects are either based on contractual obligations, internal assessments of the costs to complete a project or legal obligations to make per tonne contributions to community projects. No allowance is made for the time value of money as these are all current liabilities.
- Obligations under bio-banking agreements are recognised as costs to complete.
- Belrose Enhancement Fund holds approximately \$3.5m for the development of recreational facilities which will benefit the Belrose community.

**Waste Assets Management Corporation**

**Notes to the Financial Statements for the year ended 30 June 2015**

**12. Future minimum lease payments expected to be received**

Future non-cancellable operating lease receivable:

	<u>2015</u> <u>\$'000</u>	<u>2014</u> <u>\$'000</u>
Not later than one year	69	69
Later than one year and not later than five years	282	277
Later than five years	295	356
<b>Total (including GST)</b>	<u><b>646</b></u>	<u><b>702</b></u>

Lease receivable from Sydney Olympic Park Authority for 7 Hill Rd, Olympic Park

GST Receivable from Lease receivable included above is \$59,000 (2014:\$64,000)

**13. Commitments for expenditure**

**(a) Operating lease commitments**

Future non-cancellable operating lease rentals not provided for and payable:

Not later than one year	561	141
Later than one year and not later than five years	360	141
<b>Total (including GST)</b>	<u><b>921</b></u>	<u><b>282</b></u>

Lease payable commitment being \$742,000 for Eastern Creek Waste Management Centre Hardstand area payable to The Office of Strategic Lands. (2014; \$nil). This is due to expire May 2017

Lease also payable to Government Property NSW for Level 4, Valentine Ave, Parramatta. \$179,000 (2014: \$141,000).

GST Payable from Lease payable included above is \$88,000 (2014:\$76,000)

**(b) Capital expenditure commitments**

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

**Property, plant and equipment:**

Not later than one year	285	126
<b>Total (including GST)</b>	<u><b>285</b></u>	<u><b>126</b></u>

GST Payable from Capital Expenditure is \$26,000 (2014: \$11,000)

**Waste Assets Management Corporation**

**Notes to the Financial Statements for the year ended 30 June 2015**

**14. Contingent liabilities and contingent assets**

**(a) Contingent assets**

There are no known contingent assets requiring disclosure in these financial statements as at balance date, (2014:\$Nil).

**(b) Contingent liabilities**

There are no known contingent liabilities requiring disclosure in these financial statements as at balance date.(2014:\$Nil).

**15. Reconciliation of cash flows from operating activities to net result for the year**

	<u>2015</u> <u>\$'000</u>	<u>2014</u> <u>\$'000</u>
<b>Net cash flows from operating activities</b>	<b>(61)</b>	<b>9,008</b>
Depreciation	(5,644)	(8,630)
Loss on disposal of assets	(4)	(37)
Increase/(Decrease) in receivables	103	2,060
Increase/(Decrease) in other assets	(9,032)	4,321
(Increase)/Decrease in payables	2,698	(4,254)
(Increase) in rehabilitation provision	(5,531)	(1,287)
Unwinding of rehabilitation discount	(1,951)	(2,070)
(Increase)/Decrease in other provisions	13,057	(8,221)
<b>Net Result for the year</b>	<b><u>(6,365)</u></b>	<b><u>(9,110)</u></b>

## Waste Assets Management Corporation

### Notes to the Financial Statements for the year ended 30 June 2015

#### 16. Financial instruments

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

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

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

Financial instrument categories:

Financial Assets	Notes	Category	Carrying amount	
			2015 \$'000	2014 \$'000
<b>Class:</b>				
Cash and cash equivalents	5	N/A	56,152	64,700
Receivables <sup>1</sup>	6	Loans and receivables (at amortised cost)	13,377	13,284
Other assets	7	Rights to carbon emission assets and Renewable Energy Certificates	607	9,806

Financial Liabilities	Notes	Category	Carrying amount	
			2015 \$'000	2014 \$'000
<b>Class:</b>				
Borrowings	10	Financial liabilities measured at amortised cost	-	7,500
Payables <sup>2</sup>	9	Financial liabilities measured at amortised cost	1,945	4,961

#### Notes

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

## Waste Assets Management Corporation

### Notes to the Financial Statements for the year ended 30 June 2015

#### 16. Financial instruments (continued)

##### (a) Credit Risk

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

Credit risk arises from the financial assets of the Corporation, including cash, receivables, and authority deposits. The corporation has surrendered the \$9.1 million of bank guarantees to SITA, held in respect of Carbon Emissions Assets Receivable. No other collateral is held by the Corporation. The Corporation has not granted any financial guarantees.

Credit risk associated with the Corporation's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Term Deposits are only held with Australian Banks which is managed through TCorp

##### Cash

Cash comprises cash on hand and bank balances which earn interest daily.

##### NAB Bank Term Deposits- through TCorp

The Corporation has placed funds on deposit investments in NAB Bank Term Deposits through TCorp.

The Corporation's investments are represented by two Term Deposits of \$40m and \$2.2m

The Term Deposits have been placed in order to meet the obligations of TC15-01.

None of these assets are past due or impaired.

**Waste Assets Management Corporation**

**Notes to the Financial Statements for the year ended 30 June 2015**

**16. Financial instruments (continued)**

**(a) Credit Risk (continued)**

	Weighted Average Effective Interest Rate %	Floating Interest Rate %	1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000	Non Interest Bearing \$'000	Total Carrying Amount as per the Balance Sheet \$'000
<b>30/06/2015</b>							
<b>Financial Assets</b>							
Cash	2.7%	2.3%	2,181	-	-	1	2,182
Bank Term Deposits / Cash Facility	2.9%	2.9%	53,970	-	-	-	53,970
<b>Total Financial Assets</b>			56,151	-	-	1	56,152

	Weighted Average Effective Interest Rate %	Floating Interest Rate %	1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000	Non Interest Bearing \$'000	Total Carrying Amount as per the Balance Sheet \$'000
<b>30/06/2014</b>							
<b>Financial Assets</b>							
Cash	3.4%	3.4%	4,878	-	-	1	4,879
Hour-Glass Investments / Cash Facility	3.2%	3.1%	59,821	-	-	-	59,821
<b>Total Financial Assets</b>			64,699	-	-	1	64,700

**Receivables – trade debtors**

All trade and other debtors are recognised as amounts receivable at balance date. Collectability of all debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts, which are known to be uncollectible, are written off.

An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and the debtor's credit ratings. No interest is earned on trade debtors. Sales are generally made on 30 day terms.

94% (2014:98%) of the trade debtors balance is represented by one debtor, who has a low credit risk.

Based on past experience, debtors that are past due more than three months are considered impaired. There are no debtors which are currently past due or impaired whose terms have been renegotiated.

## Waste Assets Management Corporation

### Notes to the Financial Statements for the year ended 30 June 2015

#### 16. Financial instruments (continued)

##### (b) Liquidity Risk

Liquidity risk is the risk the Corporation will be unable to meet its payment obligations when they fall due. The Corporation continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

During the current period, there were no defaults or breaches on any loan payable.

No assets have been pledged as collateral. The Corporation's exposure to liquidity risk is deemed insignificant based on current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods and services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasury Circular TC 11/12. 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 statement is received. Treasury Circular TC 11/12 allows the Minister to award interest for late payment. Although not required as loan not currently drawn down.

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

	Weighted Average Effective Int. Rate %	Nominal Amount \$'000	Interest Rate Exposure \$'000			Maturity Dates		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non- interest bearing \$'000	<1 year \$'000	1-5 years \$'000	>5 years \$'000
<b>2015</b>								
Borrowings	2.74%	-	-	-	-	-	-	-
Payables	-	1,945	-	-	1,945	1,945	-	-
		<b>1,945</b>	-	-	<b>1,945</b>	<b>1,945</b>	-	-
<b>2014</b>								
Borrowings	2.75%	7,500	-	7,500	-	-	-	-
Payables	-	4,961	-	-	4,961	4,961	-	-
		<b>12,461</b>	-	<b>7,500</b>	<b>4,961</b>	<b>4,961</b>	-	-

## Waste Assets Management Corporation

### Notes to the Financial Statements for the year ended 30 June 2015

#### 16. Financial instruments (continued)

##### (c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Corporation's exposure to market risk is primarily through interest rate movement of Bank Term Deposits. The Corporation has no exposure to foreign currency risk and does not enter into commodity contracts.

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

The Corporation does not account for any fixed rate financial instruments at fair value through net result or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect the net result or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Corporation's exposure to interest rate risk is set out below.

	Carrying Amount \$'000	-1% Profit \$'000	Equity \$'000	1% Profit \$'000	Equity \$'000
<b>2015</b>					
<i>Financial Assets</i>					
Cash at bank and on hand	2,182	22	22	(22)	(22)
<i>Financial Liabilities</i>					
Borrowings	-	-	-	-	-
<b>2014</b>					
<i>Financial Assets</i>					
Cash at bank and on hand	4,879	49	49	(49)	(49)
<i>Financial Liabilities</i>					
Borrowings	7,500	75	75	(75)	(75)

**Waste Assets Management Corporation**

**Notes to the Financial Statements for the year ended 30 June 2015**

**16. Financial instruments (continued)**

**(c) Market Risk (continued)**

**Other price risk – TCorp Hour-Glass facilities**

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour-Glass Investment facilities, which are held for strategic rather than trading purposes. The Corporation has no direct equity investments. The Corporation had held Hour-Glass investment trusts, which have now been divested from in favour of Bank Term Deposits.

<b>Facility</b>	<b>Investment Sectors</b>	<b>Investment Horizon</b>	<b>2015 \$'000</b>	<b>2014 \$'000</b>
Cash facility	Cash, money market instruments	Up to 1.5 years	5,855	10,034
Strategic Cash facility	Cash, money market and other interest rate instruments	Up to 1.5 years	48,115	49,787

In conjunction with TCorp and in order to satisfy the conditions of TC 15-01 the Corporation has divested from the TCorp Hour-Glass Investments. The Corporation has submitted an interim investment policy where the Long Term Rehabilitation Funds are deposited into bank Term Deposits. Therefore \$42m of the Funds were deposited into a National Australia Bank Term Deposit at 30<sup>th</sup> June 2015.

The Term Deposits are a secure and have a non fluctuating interest rate, where the returns of the Landfill Rehabilitation Fund can be guaranteed.

The Corporation is in the process of developing it's Long Term Strategic policy for the investment of the Rehabilitation Funds.

	<b>Carrying Amount \$'000</b>	<b>-1% Profit \$'000</b>	<b>Equity \$'000</b>	<b>1% Profit \$'000</b>	<b>Equity \$'000</b>
<b>2015</b>					
Bank Term Deposits	53,970	(540)	(540)	540	540
<b>2014</b>					
Hour Glass Investments	59,821	(598)	(598)	598	598

## Waste Assets Management Corporation

### Notes to the Financial Statements for the year ended 30 June 2015

#### 16. Financial instruments (continued)

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

Financial instruments are generally recognised at cost.

The amortised cost of financial instruments recognised in the balance sheet approximates the fair value, because of the short-term nature of many of the financial instruments.

##### (e) Fair value recognised in the statement of financial position

The Corporation uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

- Level 1 – Derived from quoted prices in active markets for identical assets/liabilities
- Level 2 – Derived from inputs other than quoted prices that are observable directly or indirectly
- Level 3 – Derived from valuation techniques that include inputs for the asset/liability not based on observable market data (unobservable inputs)

	Level 1	Level 2	Level 3	2015 Total
	\$'000	\$'000	\$'000	\$'000
<b>2015 Financial assets at fair value 2015</b>				
Australian Carbon Credit Units	-	293	-	293
Renewable Energy Certificates	-	314	-	314
	-	<b>607</b>	-	<b>607</b>
<hr/>				
	Level 1	Level 2	Level 3	2014 Total
	\$'000	\$'000	\$'000	\$'000
<b>2014 Financial assets at fair value 2014</b>				
Australian Carbon Credit Units	-	1,783	-	1,783
Renewable Energy Certificates	-	144	-	144
	-	<b>1,927</b>	-	<b>1,927</b>

The table above only includes financial assets, as no financial liabilities were measured at fair value in the statement of financial position.

There were no transfers between level 1 and 2 during the year ended 30 June 2015 .

## Waste Assets Management Corporation

### Notes to the Financial Statements for the year ended 30 June 2015

#### 17. Fair value measurement of non-financial assets instruments

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 30 June 2015:

	Level 1	Level 2	Level 3	2015 Total
	\$'000	\$'000	\$'000	\$'000
<b>Non financial assets at fair value</b>				
Landfill cell costs	-	-	4,749	4,749
Land and buildings	-	-	15,296	15,296
	-	-	<u>20,045</u>	<u>20,045</u>
	Level 1	Level 2	Level 3	2014 Total
	\$'000	\$'000	\$'000	\$'000
<b>Non financial assets at fair value</b>				
Landfill cell costs	-	-	7,825	7,825
Land and buildings	-	-	15,902	15,902
	-	-	<u>23,727</u>	<u>23,727</u>

#### Reconciliation of recurring Level 3 fair value measurements

2015	Total Recurring Level 3 Fair Value \$000
Fair value as at 1 July 2014	23,727
Additions	205
Disposals	-
Depreciation	(3,887)
Fair value as at 30 June 2015	<u>20,045</u>

## **Waste Assets Management Corporation**

### **Notes to the Financial Statements for the year ended 30 June 2015**

#### **Fair value measurement of non-financial assets instruments (Cont)**

Fair value of landfill cell development is assessed by the Corporation's Management based on current carrying value, future cost to completion and the expected minimum future cash flow to be generated by the landfill operations. Where cash flow is forecast to be received more than one year in advance it is adjusted for the time value of money using a discount rate of 3.07% (3.7% - 2014)

For the year ended 30 June 2015 there was no material difference between fair value and the carrying value of the Landfill cell costs.

Fair value of the corporation's main property assets is estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the management of the Corporation and audit committee at each reporting date.

The Corporation engaged an external valuer, CBRE, in the years 2014 and 2015 to substantiate that its landholdings have had 'no material change' during the respective financial years. In regards to Plant and Equipment, the Corporation has performed an internal assessment of Plant and Equipment.

## Waste Assets Management Corporation

### Notes to the Financial Statements for the year ended 30 June 2015

#### 18. Interests in joint operation

##### Jointly controlled assets

The Corporation has entered into a joint operation called Eastern Creek 2 Landfill Gas Joint Venture with LMS Generation Pty Limited to capture gas from landfills and therewith to generate electricity. The Corporation has a 50% participating interest in this joint venture and is entitled to 50% of its output of electricity generated, Australian Carbon Credit Units and Renewable Energy Certificates. The Corporation's interests in the assets employed in the joint venture are included in the balance sheet, in accordance with the accounting policy described in note (1d).

	<u>2015</u> \$'000	<u>2014</u> \$'000
<b>Share of Corporation's assets and liabilities</b>		
Current assets	93	25
Non-current assets	2,919	2,941
Total assets	<u>3,012</u>	<u>2,966</u>
Current liabilities	103	73
Total liabilities	<u>103</u>	<u>73</u>
Net assets	<u>2,909</u>	<u>2,893</u>
<b>Share of Corporation's net result</b>		
Expenses	<u>(1,434)</u>	<u>(1,475)</u>
Net result before income tax	<u>(1,434)</u>	<u>(1,475)</u>

Each of the shareholders in Eastern Creek 2 Landfill Gas Joint Venture with LMS Generation Pty Limited is jointly and severally liable for the debts of the company. The assets of the company exceed its debts.

Revenue from the sale of the Corporation's half share of the output of the joint operation is disclosed in Note 2.

##### Sale of Goods and Services

Electricity and green products	<u>3,301</u>	<u>4,293</u>
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## **Waste Assets Management Corporation**

### **Notes to the Financial Statements for the year ended 30 June 2015**

#### **19. Economic dependency**

The Corporation is dependent upon one counterparty for 97% of its sales revenue (2014: 98%) This counterparty is a credit worthy entity whose relationship with the corporation is controlled by a series of terms sheets. Under the terms sheet the counterparty is obliged to purchase a specified volume of landfill capacity from the Corporation. It is anticipated that the counterparty will purchase most or all of the Corporation's landfill capacity under these terms sheets until the Corporations landfill operations cease when the available landfill capacity is exhausted currently estimated to occur in May 2017.

#### **20. After reporting date events**

No matters or circumstances have come to our notice requiring any other disclosures in these financial statements.

**[END OF AUDITED FINANCIAL STATEMENTS]**

## 7. Appendices

### 7.1 Accounts payable performance

For: Land and Property Information, Office of State Revenue, Government Services, NSW Fair Trading, NSW Public Works, Service Innovation and Strategy, Corporate Services, Office of the Chief Executive.

#### Aged analysis at the end of each quarter

Quarter	Current \$'000	Less than 30 days overdue \$'000	Between 30 and 60 days overdue \$'000	Between 61 and 90 days overdue \$'000	More than 90 days overdue \$'000	Total \$'000
<b>All suppliers</b>						
September 2014	66,327	253	13	10	805	67,409
December 2014	48,947	384	36	20	444	49,830
March 2015	63,631	561	11	169	305	64,678
June 2015	70,324	233	31	33	143	70,764
<b>Small business suppliers</b>						
September 2014	135	-	-	-	-	134
December 2014	138	-	-	-	-	138
March 2015	165	-	-	1	-	166
June 2015	396	-	-	-	1	397

Note: Small business registration with the department began in January 2012. A small business is defined as an Australian or New Zealand business with an annual turnover of less than \$2 million.

#### Accounts due or paid within each quarter

Measure	Sep-14	Dec-14	Mar-15	Jun-15
<b>All suppliers</b>				
Invoices due for payment (#)	40,016	41,516	33,044	39,765
Invoices paid on time (#)	37,902	40,112	31,418	38,223
Actual percentage of invoices paid on time (based on number of invoices)	94.72%	96.62%	95.08%	96.12%
Amount due for payment (\$'000)	494,942	425,471	354,314	422,980
Amount paid on time (\$'000)	486,145	414,960	336,036	408,706
Actual percentage of accounts paid on time (based on \$)	98.22%	97.53%	94.84%	96.63%
Number of payments for interest on overdue accounts (#)	-	2	2	-
Interest paid on late accounts (\$)	-	87	369	-

Measure	Sep-14	Dec-14	Mar-15	Jun-15
<b>Small business suppliers</b>				
Invoices due for payment received from small businesses (#)	326	399	274	346
Invoices from small businesses paid on time (#)	319	389	262	338
Actual percentage of small business invoices paid on time (based on number of invoices)	97.85%	97.49%	95.62%	97.69%
Amount due for payment to small businesses (\$'000)	934	794	1,075	1,193
Amount due to small businesses paid on time (\$'000)	904	753	980	1,168
Actual percentage of small business accounts paid on time (based on \$)	96.83%	94.86%	91.19%	97.94%
Number of payments to small business for interest on overdue accounts (#)	–	2	2	–
Interest paid to small businesses on late accounts (\$)	–	87	369	–

Note: the report does not include payments made to employees, payments related to payroll and super. Small business registration began in January 2012. All numbers are reported from 30 days from receipt of a correctly rendered invoice.

OFS improved its payment performance by adopting the government's initiative encouraging payments to all suppliers within 30 days from receipt of a correctly rendered invoice. Small businesses are mandated to be paid within 30 days.

OFS made four interest payments to small business in the financial year due to administrative failures for which staff have been given additional training and education.

## 7.2 Annual report preparation

The Office of Finance and Services' annual report was produced internally and no external costs were incurred.

This report is also available in PDF on the Office of Finance and Services website <https://www.finance.nsw.gov.au/publication-and-resources/annual-reports>

## 7.3 Consultants

### Engagements over \$50,000

Consultant	Business Unit	Category	Purpose	Expenditure
Ernst & Young	Service Innovation & Strategy	Management service	Strategic Review of State Records Repository	\$107,500
Ernst & Young	Service Innovation & Strategy	Management service	Strategic Review of the GRR	\$107,500
Deloitte Touche Tohmatsu	Service Innovation & Strategy	Management service	Strategic Policy Professional Services	\$78,570

Macquarie Capital	CHO	Management service	AUSGRID Building, 570 George Street, Sydney (Project Loftus - Closed Office of Finance) refer GPNSW	\$51,349
PwC	GSD Deputy Secretary	Management service	Advice on options with regards to contestability for StateFleet	\$198,978
M&C Energy	NSW Procurement	Management service	Electricity procurement strategy	\$99,204
KPMG	NSW Procurement	Management service	Procurement Benefits savings strategy	\$768,021
Deloitte Touche Tohmatsu	ServiceFirst	Organisational review	Advice/business case preparation on the ServiceFirst Outsourcing Project	\$780,625
Key Pacific	ServiceFirst	Organisational review	Advice on the ServiceFirst Outsourcing Project	\$1,753,409
King & Wood Mallesons	ServiceFirst	Legal	Legal advice through the due diligence/contract signing period	\$328,273
J.P. Morgan	Land and Property Information	Management service	Fee NSW Treasury	\$50,000
Capital Insight Pty Ltd	Office of State Revenue	Management service	Effective approaches and practices are adopted to minimise revenue leakage	\$84,975
Deloitte Touche Tohmatsu	Office of State Revenue	Information Technology	Digital & ICT Strategy Consulting Services	\$230,600
<b>Total Engagements over \$50,000</b>				<b>\$4,639,003</b>

### Engagements under \$50,000

Category	Number of engagements	Expenditure
Finance and accounting/tax	9	\$63,958
Information technology	1	\$9,346
Legal	0	\$0
Management services	23	\$438,964
Organisational review	7	\$64,859
<b>Total Engagements under \$50,000</b>	<b>40</b>	<b>\$577,127</b>
<b>Total cost of consultancies</b>		<b>\$5,216,130</b>

## 7.4 Consumer response

### Government Services

#### StateFleet

StateFleet maintained a high level of customer satisfaction through its day-to-day service delivery and client orientated programs. These programs included regular visitations, training seminars and industry related conferences. In the 2015 customer satisfaction survey, StateFleet achieved a mean score of 83, with customers rating staff and account management the highest score of 89.

No complaints from clients were received in the period.

#### NSW Procurement Service Centre statistics

The NSW Procurement Service Centre managed 24 per cent fewer calls compared to 2013/14, partly due to the introduction of eQuote system for the prequalification schemes; the move of the Security of Payment Act to Fair Trading and improvements to digital channels (ProcurePoint and SurveyMonkey) that enabled greater customer self-service.

Against a target of 85 per cent for calls resolved at the first level, the Service Centre achieved 90 per cent, showcasing the quality of services provided using the single touch point concept (answering a customer's query in their first contact with NSW Procurement). Calls related to contracts and tendering were in the majority at 58 per cent of the volume. The relatively lower number of compliments represents a narrowing of the definition of compliment.

2014/15 Service Centre statistics by incident type				
	2014/15	% of Total	2013/14	Variation
Contracts	3861	27%	6055	-2194
Tendering	4399	31%	6,551	-2152
Purchasing	1,625	8%	2,691	-1066
Policy	570	4%	1,268	-698
Construction	1,026	7%	674	352
Other issues	2,501	23%	1,226	1275
Total	13,982	100	18,465	4,483

2014/15 Service Centre statistics					
	2014/15	2013/14	2012/13	2011/12	2010/11
Total number of incidents	13,982	18,468	17,522	25,744	28,078
Total number resolved first level	12,584	15,645	14,373	20,759	22,466
% first level	91%	86.00%	82.03%	80.64%	80.01%
Total number resolved in Service Level Agreement	12,786	17,887	16,646	24,202	26,837
% calls resolved in Service Level Agreement	95.7	91.0%	95.0%	94.0%	95.0%
Compliments	32	38	356	451	370
Complaints	3	1	10	5	5

## **ServiceFirst**

In 2014/15, ServiceFirst provided shared services in HR, Finance, ICT and Workplace to more than 10,000 customers. This included processing 196,000 invoices, making 80,000 payroll payments and managing 200,000 calls to the ServiceFirst Contact Centre. In most areas this was a slight decrease from the previous financial year related to the off-boarding of two client agencies.

Across the full financial year, there was an improvement in the number of calls successfully resolved within agreed service levels. Analysis of customer feedback showed that 89.5 per cent of feedback was positive based on a five point scale. The announcement of the ServiceFirst Outsourcing Program in December 2014 significantly (negatively) impacted against performance indicators in the period between December 2014 and March 2015.

In February 2015, a staff engagement program was introduced to support staff through the outsourcing transition process and this contributed to improved performance in the last quarter of the financial year. All call categories also consistently met service levels in the last quarter.

## **Land and Property Information**

LPI is committed to maintaining a high standard of customer service in our interactions with customers, including responding to enquiries, feedback and complaints. Customers can access advice from LPI through a range of communication channels including telephone, email, website and face-to-face.

The volume of customer interactions increased again in 2014/15 across all channels within the Customer Service Centre. The call centre received 169,587 calls, an increase of 5.9 per cent on 2013/14. The average customer waiting time was 55 seconds against a target of less than one minute and the customer abandonment rate was 3.21 per cent against a target of fewer than five per cent. The number of email inquiries received increased 14 per cent from the previous year. Of the 10,651 emails received, 95 per cent were responded to within the target of two business days. The client services counter received 25,013 customers, an increase of 2.5 per cent on the previous year. The average customer wait time was 10 minutes which is the target waiting time.

LPI continues to measure customer satisfaction through its Customer Is Our Focus program. Customers are invited to complete a survey rating our performance on several key indicators including website, phone, email and face-to-face service. In 2014/15, 1,063 responses were submitted, with 96.3 per cent of customers satisfied or more than satisfied with LPI's overall performance. Customers who interacted with LPI via phone, email or in person experienced satisfaction rates of 96 per cent, whilst those using LPI websites experienced satisfaction rates of 84 per cent.

Any complaints received were reviewed and addressed by the relevant business unit and overseen by a senior manager. Of the 12 complaints received last year, five related to land valuation procedures, two related to incorrect or incomplete information being provided by the phone team, two related to face-to-face and email response waiting times, one related to search fees, one related to dealing lodgment requirements (specifically the lack of option to post or submit online forms) and one related to loss of registered dealings. All complaints were addressed in a timely way by phone call, letter or email.

## **NSW Fair Trading**

NSW Fair Trading publishes Customer Services Standards which outline the service delivery standards the people of NSW can expect when interacting with Fair Trading. During 2014/15, NSW Fair Trading received over 7.2 million requests for service including telephone enquiries, complaints about marketplace disputes, website visits, applications and renewals for licences and registrations and rental bonds.

NSW Fair Trading encourages the people who it interacts with to provide feedback on their experience. This feedback is managed in accordance with the Office of Finance and Services Customer Feedback Management Policy.

Fair Trading's Customer Feedback management system captures feedback about Fair Trading's service delivery. It enables customers to lodge responses at Fair Trading Centre counters (prior to the last closure on 19 June 2015), ServiceNSW Service Centre counters, over the telephone, through the mail or on the Fair Trading website at [www.fairtrading.nsw.gov.au](http://www.fairtrading.nsw.gov.au).

In 2014/15, 380 customer feedback responses were received from consumers and traders, comprising 200 (38%) compliments, 36 (7%) suggestions and 284 (55%) complaints. Complaints related to timeliness and lack of response or feedback, dissatisfaction with the outcome of a complaint about a marketplace dispute and accuracy of services.

Compliments expressed praise for various aspects of customer service, especially service quality and staff actions, including helpfulness, professionalism and accuracy of information.

Fair Trading actively monitors its customer complaint handling performance and evaluates customer complaint volumes and trends for service improvement purposes.

Fair Trading conducts an annual Customer Satisfaction Survey. The 2014/15 Survey measured the level of customer satisfaction as follows:

- 89.9% overall quality of service
- 90.7% helpfulness of staff
- 96.4% politeness of staff
- 89.7% staff knowledge
- 87.9% simple and uncomplicated service
- 78.6% time waited.

## Office of State Revenue

During 2014/15, the Office of State Revenue (OSR) received 135 complaints, along with 154 compliments, on client service. Forty-one complaints were found to be unsubstantiated with no further action required. Unsubstantiated complaints include where clients suggest information was either not provided or provided in error while records show this was not the case, clients dissatisfied with how audits were conducted when OSR staff have acted professionally and in accordance within correct procedures and where review decisions have not been found in the client's favour but were determined correctly.

Of the substantiated complaints, 58 related to client service (the majority for waiting too long for phone service, rude or unprofessional staff, being provided incorrect information), 14 to a lack of, or delayed, response to correspondence from clients, six to internet issues, five related to notices not being received or errors with addresses and the remainder to various specific issues.

OSR contacted, or attempted to contact, all clients with substantiated complaints. Letters of apology were sent acknowledging the problems raised by the clients and outlining what was being done to resolve them. Phone contact was made, where appropriate, to address all issues raised by the client.

The waiting time for clients calling the Collection Centre was the key recurring client service complaint. OSR increased staffing to improve service availability, and the number of calls answered within five minutes rose from 31 per cent in July 2014 to 86 per cent in June 2015, a significant improvement with 1.3 million calls received during the year.

Where OSR staff were found to have provided unsatisfactory client service through either their service approach or lack of knowledge, further coaching and training was provided to improve their skills,

reinforce the expectations of client service standards and ensure any knowledge gaps were addressed.

## 7.5 Corporate credit card use

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As required by Treasury Policy paper *TPP 05-1 Credit Card Use Best Practice Guide*, I certify that corporate credit card use in the Office of Finance and Services during 2014-15 has been in accordance with Premier's Memoranda and Treasurer's Directions.

**Martin Hoffman**

**Secretary, Department of Finance, Services and Innovation**

**30/9/2015**

## 7.6 Disclosure of controlled entities

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For the purposes of financial reporting, the Office of Finance and Services had no controlled entities for the 2014/15 financial year.

## 7.7 Diversity and Inclusion policies and services

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OFS has drafted an over-arching diversity and inclusion strategy that will be released during 2015/16. This year's annual reporting format reflects this strategic direction and brings together items previously reported separately under:

- Workplace diversity
- Disability Action Plan
- Multicultural policies and services.

### Diversity and Inclusion strategy

The draft OFS *Diversity and Inclusion (D&I) Strategy 2015–2019* is an over-arching strategy that encompasses multiculturalism, diversity, inclusion, disability and the Aboriginal workforce.

The strategy aims to attract, develop and retain people from diverse backgrounds within OFS through a series of initiatives and promote and foster a supportive, inclusive culture.

Key aspects of the D&I strategy include:

- taking a broader view of what diversity is and focusing on diversity of thought
- shifting focus towards greater inclusion
- using a graduated approach to improve inclusion.

Strategic areas of focus include:

### Leadership

- running an inclusive leadership program
- embedding OFS values and fostering a culture of inclusion
- putting in place Executive accountability (mandatory D&I key performance indicators)
- incorporating the vision for diversity, inclusion and equity into each division's business plan, and reflect that in the OFS corporate strategy.

## Policies and processes

- introducing business and HR process improvements
- including content/key messages associated with diversity and inclusion in all leadership, and capability development programs
- using cultural programs to embed diversity and inclusion in each of the business units. Toolkits are being developed to assist the business with reinforcing and fostering this culture.

## Measures

- designing and rolling out measures, for instance metrics for women in leadership
- revising governance and reporting.

## Diversity and Inclusion initiatives

A number of initiatives in 2014/15 supported the principles underpinning diversity and inclusion.

### **The Young Professionals' Network**

The Young Professionals' Network (YPN) supports employees aged 35 years and under, offering networking and professional development opportunities to over 1,020 members.

In 2014/15, the YPN flagship program, the Let's Talk forum, organised talks and presentations related to the theme 'Making a Difference'. More than 60 staff heard key speakers, Heather Hukins, Family and Community Services, and Lizzie Brown, CEO, Engineers without Borders. The facilitation workshop, conducted by Inspire Learning and Engineering Education Australia, gave attendees a framework and tools to use in the workplace so they could make a difference.

OFS also hosted five corporate tables at the Institute of Public Administration Australia CEO and Young Professionals' Breakfast in Sydney.

### **Women's Network**

We consulted throughout the organisation for input to the draft *Gender Equity Strategy 2015-2018*. This work has informed the Diversity and Inclusion strategy which will encompass gender equity.

OFS also contributed to the University of Sydney Women and Work Research Group's *The Advancing Women Report*.

OFS hosted two corporate tables at the United Nations International Women's Day Breakfast in Sydney. The office coordinated My Mentor, a four-month mentoring program particularly targeting regional women.

During 2014/15, OFS was re-accredited as a Breastfeeding Friendly Workplace.

### **Community Language Allowance Scheme**

OFS promotes language awareness through the Community Language Allowance Scheme (CLAS) recognising the skills of bilingual staff and providing language assistance in 24 languages to people from non-English speaking backgrounds.

### **Carers**

OFS provides a suite of flexible work arrangements and support for staff to balance work and caring responsibilities. This includes the provision of online Parenting and Eldercare kits available to all staff. The office maintains membership of the NSW Carers Association.

## Celebration of Harmony Day

Ten employees attended the Premier's harmony dinner on 12 March, which celebrated cultural diversity.

## Workforce diversity

Trends in the representation of workforce diversity groups				
Workforce diversity group	Benchmark/Target	2013 <sup>1,2</sup>	2014 <sup>1,2</sup>	2015 <sup>1</sup>
Women	50%	52.1%	52.3%	53.1%
Aboriginal People and Torres Strait Islanders	2.6%	1.7%	1.9%	2.0%
People whose First Language Spoken as a Child was not English	19.0%	22.7%	22.2%	22.6%
People with a Disability <sup>3</sup>	N/A	18.1%	6.4%	6.4%
People with a Disability Requiring Work-Related Adjustment	1.5%	2.4%	2.3%	2.1%

Trends in the distribution of workforce diversity groups				
Workforce diversity group	Benchmark/Target <sup>4</sup>	2013 <sup>1,2</sup>	2014 <sup>1,2</sup>	2015 <sup>1</sup>
Women	100	91	91	92
Aboriginal People and Torres Strait Islanders	100	93	89	89
People whose first language spoken as a child was not English	100	95	97	98
People with a Disability	100	97	93	93
People with a Disability requiring work-related adjustment	100	91	89	88

Note 1: Statistics are based on Workforce Profile census data as at 20 June 2013, 19 June 2014 and 18 June 2015.

Note 2: Workforce diversity statistics for 2013 and 2014 reflect the current composition of the department and may vary from those reported in previous annual reports.

Note 3: A review of workforce diversity declarations by Land and Property Information staff has resulted in a more accurate, though reduced, percentage of staff with a disability being reported from 2014.

Note 4: Distribution Index of 100 indicates that the centre of the distribution of the workforce diversity group across salary levels is equivalent to that of other staff. Values less than 100 mean that the workforce diversity group tends to be more concentrated at lower salary levels than is the case for other 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 workforce diversity group is less concentrated at lower salary levels.

## Aboriginal Workforce Strategy

The OFS *Aboriginal Workforce Strategy (AWS) 2013–2016* aims to increase the representation of Aboriginal and Torres Strait Islander people in the workforce. Since it commenced, representation has increased from 1.7 to 2.0 percent but is still lower than the 2.6 percent required by the Public Service Commission.

Eighty per cent of Executives have completed a two day Aboriginal Cultural Education Program (ACEP) and non-Executive employees are participating in an Online Cultural Education Program (OCEP). The OCEP program is now operating as an ongoing initiative to raise cultural awareness and capture staff as they join the organisation, or those staff yet to complete the program.

Six Aboriginal school-based trainees have taken part in a two-year OFS traineeship that rotates them to different divisions each three months. At the end of the traineeship, in 2015, they will graduate with a Certificate II in Business Services in addition to their HSC.

Several NAIDOC celebrations were held across offices.

NSW Procurement launched the Aboriginal Participation in Construction Policy which set targets for departments and construction companies to engage Aboriginal businesses and employ people from Aboriginal communities.

The NSW Fair Trading Contact Centre has Aboriginal staff that assist Aboriginal consumers on a free call enquiry line. In 2014 we received over 2,300 calls, and between January and June 2015 we received close to 1,000 calls.

NSW Fair Trading funds four Aboriginal Tenants Advice and Advocacy Services (ATAAS) in NSW. ATAAS services assists the Government to achieve its consumer protection and social justice policy objectives through the 'direct service' provision of information, dispute resolution services and advocacy on behalf of Aboriginal tenants. In addition, ATAAS provides a range of specialist 'resource' services and community engagement activities and have a particular focus for vulnerable Aboriginal public and social housing tenants.

The Government Architect's Office in NSW Public Works recently won the prestigious Blakett Award for design of the NSW Aboriginal Child and Family Centre (ACFC) in Gunnedah. The award recognises design excellence of projects located within country NSW. This was one of five ACFCs (Lightning Ridge, Brewarrina, Nowra and Doonside) acknowledged as a unique program of work and a contributing factor in winning the award.

## Disability Inclusion Action Plan

OFS is committed to creating an inclusive and supportive working environment for people with a disability or those requiring an adjustment, such as equipment, working hours and support.

In 2014/15, OFS developed the *Disability Inclusion Action Plan 2015–2017*. During its development consultation took place across the cluster and the draft plan is currently in the internal consultation phase. The new plan reflects the new *NSW Disability Inclusion Act 2014* and information gained from OFS's 2013 Diversity and Inclusion survey. Consultation with the broader community will progress in the coming months.

The plan's key objectives include:

- Diversity of Employment – OFS will be an employer of choice for people with a disability and/or those requiring adjustment in the workplace
- Fostering an inclusive culture - Developing, supporting and retaining people who reflect the diversity of NSW. Embedding a values-based ethos of respect and collaboration, providing culturally sensitive and diversity-aware services to our people and our customers
- Accessibility of services - Identifying and removing barriers for our workforce, customers and the community, ensuring accessibility of services, and incorporating feedback from customers and workplace into future plans and strategies.

## Forward planning

- Finalise the approval of Diversity and Inclusion (D&I) Strategy 2015–2019 and the Disability Inclusion Action Plan 2015–2017 before December 2015
- Continue to focus on increasing the number of women in senior management roles and support this with inclusion strategies

- Establish key performance indicators for OFS to support its diversity and inclusion strategies and ensure progress is made to achieve targets
- Review the Aboriginal Workforce Strategy in early 2016 to encourage and support an increase in the number of Aboriginal and Torres Strait Islander staff.

## 7.8 Employment and senior executive statistics

### Employment statistics

Division	2012 <sup>1,2</sup>	2013 <sup>1,2</sup>	2014 <sup>1,2</sup>	2015 <sup>1,2</sup>
Corporate Services <sup>8</sup>	133.6	172.2	155.9	200.7
Government Services <sup>3,8,13</sup>	817.0	747.3	663.9	553.3
Land & Housing Corporation <sup>6,9</sup>	522.2	498.0		
Land & Property Information	920.2	896.3	840.1	828.5
NSW Fair Trading <sup>12</sup>	873.7	834.1	705.7	701.9
NSW Public Works	982.9	831.3	791.6	749.6
Office of Chief Executive <sup>8</sup>	5.6	51.8	41.3	15.7
Office of Finance <sup>7,11,14</sup>	16.6	23.9	52.6	
Office of State Revenue	1,230.7	1,213.8	1,245.7	1,359.8
Policy & Executive Services <sup>8</sup>	133.7			
Property & Housing Group <sup>4</sup>	174.2	164.2	177.8	146.3
Safety Return to Work & Support <sup>5</sup>	1,390.8	1,316.8	1,371.3	1,357.7
Service Innovation & Strategy <sup>10</sup>			36.0	43.1
SiCorp <sup>14</sup>				39.4
<b>Total</b>	<b>7,201.3</b>	<b>6,749.5</b>	<b>6,081.9</b>	<b>5,996.1</b>

Note 1: Full time equivalent staff (excludes chairpersons, casuals, contractor/agency staff, statutory appointments, trustees, council committee members, staff on secondment to other agencies and staff on long term leave without pay).

Note 2: Statistics are based on Workforce Profile census data as at 21 June 2012, 20 June 2013, 19 June 2014 and 18 June 2015.

Note 3: Government Services includes the State Records Authority and NSW Government Telecommunications Authority.

Note 4: Property & Housing Group includes Government Property NSW, Teacher Housing Authority of NSW and Waste Assets Management Corporation.

Note 5: Safety Return to Work & Support includes Lifetime Care & Support Authority of NSW, Motor Accidents Authority of NSW, WorkCover Authority, WorkCover Independent Review Office, Workers Compensation Commission and Workers Compensation Commission Dust Diseases Board.

Note 6: Land & Housing Corporation was established on October 5 2011 with staff transferred from the Department of Family & Community Services.

Note 7: Office of Finance was established in November 2011.

Note 8: Policy & Executive Services was dissolved on 27 May 2013 with staff transferred to Corporate Services, Government Services Division and the Office of the Chief Executive.

Note 9: Land & Housing Corporation was transferred to the Department of Family & Community Services on 2 August 2013.

Note 10: Service Innovation & Strategy was established on 1 February 2014.

Note 11: SiCorp (41.6 FTE) transferred to the Office of Finance from Treasury on 1 July 2013.

Note 12: Consumer Trading & Tenancy Tribunal staff (115.7 FTE) in NSW Fair Trading transferred to AGD on 1 January 2014.

Note 13: Office of Metro Water staff (18.5 FTE) transferred from Government Services to DTIRIS on 1 May 2014.

Note 14: Office of Finance was transferred to NSW Treasury on 1 July 2014; SiCorp remained with the Department when the Office of Finance transferred.

Adjusting for machinery of government changes there has been a 1.2 per cent decrease in FTE in the department over the last 12 months and an 8.7 per cent decrease over the last 3 years.

## Senior executives

Senior Executive Band <sup>1,2</sup>	2014				2015			
	Female	Male	Total	% Representation by women	Female	Male	Total	% Representation by women
Band 4 (Secretary)	–	–	–	–	–	–	–	–
Band 3 (Deputy Secretary)	3	10	13	23%	1	12	13	8%
Band 2 (Executive Director)	7	26	33	21%	9	23	32	28%
Band 1 (Director)	108	214	322	34%	102	194	296	34%
Total <sup>3,4,5</sup>	118	250	368	32%	112	229	341	33%

Senior Executive Band <sup>1,2</sup>	2014		2015	
	Range <sup>6</sup> \$	Average remuneration \$	Range <sup>6</sup> \$	Average remuneration \$
Band 4 (Secretary)	422,501 – 488,100	–	430,451 – 497,300	–
Band 3 (Deputy Secretary)	299,751 – 422,500	323,832	305,401 – 430,450	336,282
Band 2 (Executive Director)	238,301 – 299,750	249,857	242,801 – 305,400	258,145
Band 1 (Director)	167,100 – 238,300	168,145	170,250 – 242,800	172,894

In 2015, 11.88 per cent of the department's employee related expenditure was related to senior executives, compared to 12.26 per cent in 2014.

Note 1: Senior Executive statistics exclude casuals, contractor/agency staff, statutory appointments, staff on secondment to other agencies and staff on long term leave without pay.

- Note 2: Statistics are based on Workforce Profile census data as at 19 June 2014 and 18 June 2015.
- Note 3: 2014 total includes seven executives with SICorp transferred to the Office of Finance from Treasury on 1 July 2013.
- Note 4: 2014 total excludes three executives with Office of Metro Water transferred from Government Services Division to DTIRIS on 1 May 2014.
- Note 5: 2015 total excludes three executives with the Office of Finance transferred to NSW Treasury on 1 July 2014.
- Note 6: Salary ranges effective at the Workforce Profile census dates of 19 June 2014 and 18 June 2015.

## 7.9 Employment relations policies and practices

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During 2014/15, the agency's employment relations policies were reviewed in the context of the new employment regime under the *Government Sector Employment Act 2013*. OFS continued to engage with unions and other stakeholders at the organisation-wide level. Negotiations continued between the agency and relevant union parties to establish local level consultative forums and sub-committees, where appropriate.

Of the significant issues and matters discussed in consultative forums, four formal disputes were referred to the Industrial Relations Commission and all were resolved through conciliation. No working days were lost due to industrial activity in 2014/15.

### Transition and transformation programs

In 2014/15, the Employment and Industrial Relations team provided significant levels of strategic and operational support for major transformation programs across the agency. This support provided a strong framework, which resulted in very low level disputation between the agency and union parties. This work is expected to continue throughout 2015/16.

### Flexible Working Hours' Agreements

Consistent with its industrial relations strategy, in June 2015 the agency gave 12 months' notice to terminate all current Flexible Working Hours Agreements (FWHAs) and apply a single agency-wide FWHA from 27 June 2016. This action will move the agency from multiple legacy arrangements to a new agreement that must comply with NSW Wages Policy Taskforce parameters. The Employment and Industrial Relations team is managing the program and has established a number of consultative arrangements with divisions, union parties and working groups. The FWHA Consultative group, Divisional Representatives group and Industrial Relations working group enable representation from relevant union parties, divisions and management.

### Consultative programs and organisation wide initiatives

The OFS Consultative Committee continued to be the main peak consultative forum in the agency. Local-level Joint Consultative Committees (JCC) exist within some divisions and the agency and relevant union parties continue to establish local level JCCs, and are negotiating the terms of reference. The roll out of the local level JCCs was delayed to allow for the capture of the new businesses that join on 1 July 2015 as part of the machinery of government changes. The project is expected to be completed by June 2016.

### Salaries, wages and allowances

The agency applied the NSW Wages Policy for wage negotiations which resulted in wage increases of 2.5 per cent.

## 7.10 Funds granted to non-government community organisations

During the 2014/15 financial year, Fair Trading administered Grants to:

- Aged Care Supported Accommodation Service
- Home Building Advocacy Service (HoBAS)
- Tenants' Advice and Advocacy Program (TAAP)
- Financial Counselling Services Program (FCSP) and;
- No Interest Loans Scheme (NILS)

### Aged Care Supported Accommodation Service

This program provides funding to non-profit organisations for the provision of information, community education and advocacy services for residents in supported accommodation such as boarding houses, hostels, nursing homes and in particular people living in retirement villages.

Funding source: Rental Bond Board Interest (100%)

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
The Aged-Care Rights Service Inc	The Aged-Care Rights Service (TARS)	\$473,231.01	Statewide - All NSW
<b>Total</b>		<b>\$473,231.01</b>	

### Home Building Advocacy Service (HoBAS)

This program provides funding for the provision of advice and assistance to consumers who are caught up in complex disputes with home building contractors.

Funding source: Home Building Retained Revenue (100%)

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
Macquarie Legal Centre	Home Building Advocacy Service (HoBAS)	\$246,907.49	Statewide - All NSW
<b>Total</b>		<b>\$246,907.49</b>	

### Tenants Advice and Advocacy Program (TAAP)

In 2014/15, 20 community organisations were funded under the Tenants Advice and Advocacy Program (TAAP) to provide advice and advocacy on tenancy matters, with 25,764 people assisted. Of those, 19% required assistance at the NSW Civil & Administrative Tribunal (NCAT).

Funding source: Rental Bond Board Interest (50%), Real Estate Statutory Interest (50%)

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
Inner Sydney Tenants Advice & Advocacy Service (ISTAAS)	Redfern Legal Centre	\$407,642.50	Inner Sydney
Eastern Area Tenants Service Inc (EATS)	Eastern Area Tenants Service Incorporated	\$305,731.88	Eastern Sydney
Inner West Tenants Advice and	Marrickville Legal Centre	\$305,731.88	Inner-Western Sydney

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
Advocacy Service (IWTAAS)			
Northern Sydney Area Tenants Service (NSATS)	Marrickville Legal Centre	\$407,642.50	Northern Sydney
Southern Sydney Tenants Advice & Advocacy Service (SSTAAS)	Metro Assist	\$458,597.81	Southern Sydney
South West Sydney Tenants Advice and Advocacy Service (SWSTAAS)	Macarthur Legal Centre	\$407,642.50	South Western Sydney
Blue Mountains Tenants Service	Elizabeth Evatt Community Legal Centre	\$101,910.63	Blue Mountains
Western & North Western Tenants Service	Macquarie Legal Centre	\$662,419.06	Western & North Western Sydney
Central Coast Tenants Advice and Advocacy Service (CCTAAS)	Central Coast Tenants Advice and Advocacy Service Inc	\$305,731.88	Central Coast
Hunter Tenants Advice & Advocacy Service (HTAAS)	Hunter Regional Neighbourhood Centre Forum Inc	\$467,002.81	Hunter Region
Illawarra Tenants Service	Illawarra Legal Centre	\$365,092.19	Illawarra/South Coast
Mid Coast Tenants Advice and Advocacy Service	Port Macquarie Neighbourhood Centre Inc	\$314,136.88	Mid North Coast
Northern Rivers Tenants Advice and Advocacy Service (NORTAAS)	Northern Rivers Community Legal Centre Inc	\$314,136.88	Far North Coast
South Western NSW Tenants Service	VERTO LTD	\$841,550.63	South Western NSW
New England and Western Tenants Advice and Advocacy Service (NEWTAAS)	New England and Western Tenants Advice and Advocacy Service Incorporated	\$484,863.44	North Western NSW
Greater Sydney Aboriginal Tenants Service (GSATS)	Dtarawarra Pty Ltd	\$449,667.50	Greater Sydney ATSI
Murra Mia Tenants Advice and Advocacy Service	Management and Advisory Services Aboriginal Corporation	\$633,001.56	South Eastern NSW ATSI
Northern NSW Aboriginal Tenants Advice and Advocacy Service (NATAAS)	Northern NSW Aboriginal Tenants Advice and Advocacy Service Inc	\$577,843.75	Northern NSW ATSI
Western Aboriginal Tenants Advice and Advocacy Service (WATAAS)	Dtarawarra Pty Ltd	\$577,843.75	Western NSW ATSI
Statewide Tenants Advice & Advocacy Program Resource Service	Tenants Union of NSW Co-operative Limited	\$1,187,059.16	Statewide TAAP Resource Service
Aboriginal Resource Unit (ARU)	Dtarawarra Pty Ltd	\$180,069.77	ATSI Resource Service
TAAP Special Purpose Fund	Unforeseen expenditure which is directly linked to the provision of service of tenants	\$100,000.00	
<b>Total</b>		<b>\$9,855,318.93</b>	

### Financial Counselling Services Program (FCSP)

In 2014/15, the total number of new clients seeking financial counselling assistance totalled 39,207. There were also 106,741 follow ups conducted by the funded organisations during this period.

Funding source: Rental Bond Board Interest (53%), Financial Counselling Trust Fund (24%), Consolidated Funding (23%)

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
The Salvation Army (New South Wales) Property Trust	The Salvation Army Moneycare South Western Sydney Financial Counselling Service	\$570,423.58	South Western Sydney
The Salvation Army (New South Wales) Property Trust	The Salvation Army Moneycare Southern Sydney Financial Counselling Service	\$305,505.26	Southern Sydney
The Salvation Army (New South Wales) Property Trust	The Salvation Army Moneycare Western Sydney Financial Counselling Service	\$607,587.08	Western Sydney
Wesley Mission – Wesley Credit Line Financial Counselling	Wesley Mission Credit Line Financial Counselling Services North Western Sydney	\$363,631.50	North Western Sydney
Centacare Catholic Family Services, Diocese of Broken Bay	Centacare Broken Bay Northern Sydney Financial Counselling Service	\$260,241.39	Northern Sydney
Metro Assist	Inner Western Sydney Financial Counselling Service	\$293,113.47	Inner Western Sydney
Wesley Mission – Wesley Credit Line Financial Counselling	Wesley Mission Credit Line Financial Counselling Services Inner Sydney	\$278,347.15	Inner Sydney
Lismore & District Financial Counselling Services Inc	Far North Coast Region Financial Counselling Network	\$254,606.02	Far North Coast
Kempsey Neighbourhood Centre	Mid North Coast Region Financial Counselling Service	\$371,139.59	Mid North Coast
Financial Counselling Hunter Valley Project Inc	Lower Hunter Region Financial Counselling Service	\$452,344.68	Newcastle/Lower Hunter
Financial Counselling Hunter Valley Project Inc	Upper Hunter Region Financial Counselling Service	\$94,512.23	Upper Hunter
Gosford City & Community Information Service Ltd	Central Coast Region Financial Counselling Service	\$224,029.86	Central coast
Illawarra Legal Centre Inc	Illawarra Region Financial Counselling Service	\$266,907.34	Illawarra
Eurobodalla Family Support Service Inc	Far South Coast Region Financial Counselling Service	\$61,080.16	Far South Coast
Anglicare Regional Alliance	Anglicare Riverina Lower South Western Regional Financial Counselling Service	\$137,781.69	Lower South Western
The Salvation Army (New South Wales) Property Trust	The Salvation Army Moneycare Goulburn Region Financial Counselling Service	\$99,666.23	Goulburn
The Salvation Army (New South Wales) Property Trust	The Salvation Army Moneycare Murray Region Financial Counselling Service	\$62,032.13	Murray
Lifeline Central West Inc	Lifeline Dubbo/Mid West Region Financial Counselling Service	\$74,894.51	Dubbo/Mid West
Lifeline Central West Inc	Lifeline Central West Region Financial Counselling Service	\$100,147.60	Central West
Centacare Wilcannia-Forbes	Centacare Forbes and Parkes Region Financial Counselling Service	\$47,701.95	Parkes/Forbes
Lifeline Broken Hill Inc	Lifeline Broken Hill Region Financial	\$70,855.10	Broken Hill

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
	Counselling Service		
Centacare Wilcannia-Forbes	Centacare Far West Region Financial Counselling Service	\$70,855.10	Far West
The Salvation Army (New South Wales) Property Trust	The Salvation Army Moneycare Tamworth/Northern Plains Region Financial Counselling Service	\$93,952.25	Tamworth/Northern Plains
The Salvation Army (New South Wales) Property Trust	The Salvation Army Moneycare Armidale Region Financial Counselling Service	\$47,701.95	Armidale
Muru Mittigar Ltd	Muru Mittigar Community Finance Hub Campbelltown Aboriginal and Torres Strait Islander Financial Counselling Service	\$19,771.71	Campbelltown
Muru Mittigar Ltd	Muru Mittigar Community Finance Hub Penrith Aboriginal and Torres Strait Islander Financial Counselling Service	\$39,543.42	Penrith
Muru Mittigar Ltd	Muru Mittigar Community Finance Hub Blacktown Aboriginal and Torres Strait Islander Financial Counselling Service	\$59,315.14	Blacktown
Financial Counselling Hunter Valley Project Inc	Newcastle Aboriginal and Torres Strait Islander Financial Counselling Service	\$39,543.42	Newcastle
Illawarra Legal Centre Inc	Illawarra Aboriginal and Torres Strait Islander Financial Counselling Service	\$19,771.71	Illawarra
Lifeline Central West Inc	Lifeline Dubbo Aboriginal and Torres Strait Islander Financial Counselling Service	\$59,315.14	Dubbo
Lifeline Broken Hill Inc	Lifeline Broken Hill Aboriginal and Torres Strait Islander Financial Counselling Service	\$19,771.71	Broken Hill
The Salvation Army (New South Wales) Property Trust	The Salvation Army Moneycare Moree Aboriginal and Torres Strait Islander Financial Counselling Service	\$19,771.71	Moree
The Salvation Army (New South Wales) Property Trust	The Salvation Army Moneycare Tamworth Aboriginal and Torres Strait Islander Financial Counselling Service	\$19,771.71	Tamworth
Consumer Credit Legal Centre (NSW) Inc	Consumer Credit Legal Centre - Hotline	\$385,158.55	All NSW
Consumer Credit Legal Centre (NSW) Inc	Consumer Credit Legal Centre - Legal Service	\$313,407.48	All NSW
Financial Counsellors Association of NSW (FCAN)	Financial Counsellors' Association of NSW - Indigenous Training Course	\$45,935.85	All NSW
Financial Counsellors Association of NSW (FCAN)	State-Wide Financial Counsellor Training Program	\$114,840.69	All NSW
Financial Counsellors Association of NSW (FCAN)	Executive Officer Position: Manager - Administration	\$155,034.56	All NSW
CCP Special Purpose Fund	Unforeseen expenditure which is directly linked to the provision of financial counselling services	\$27,374	All NSW
<b>Total</b>		<b>\$6,520,011</b>	

## No Interest Loans Scheme (NILS)

The No Interest Loans Scheme (NILS) is a community-managed microcredit program developed by the Good Shepherd Youth and Family Services to provide interest free loans to low income earners for the purchase of essential household or medical goods and services such as washing machines and refrigerators, as well as medical or dental services. The total number of loans approved for 2014/15 was 6,873 with a total value of \$6,238,940. Fair Trading funding assists with the administration of the scheme, while loan funds are provided by the National Australia Bank.

Funding source: Rental Bond Board Interest (90%), FT Retained Revenue (10%)

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
Anglicare Western Sydney NILS	Sydney Anglican Home Mission Society Council (t/as Anglicare Diocese of Sydney)	\$54,388.85	Blacktown, Penrith & Hawkesbury
Muru Mittigar NILS Loans Scheme	Muru Mittigar Ltd	\$47,590.24	Penrith
Bridging the Gap Sydney West Inc NILS Loans Scheme	Bridging the Gap Sydney West Inc	\$13,597.21	St Marys
Macarthur NILS	Presentation Sisters Wagga	\$95,180.48	Campbelltown, Camden & Wollondilly
St Vincent de Paul Northern Beaches NILS	St Vincent de Paul Society NSW	\$27,194.42	Manly, Warringah & Pittwater
The Trustees of the Society of St Vincent de Paul (NSW)	The Trustees of the Society of St Vincent de Paul (NSW)	\$20,395.82	Willoughby, Ku-ring-Gai, Lane Cove, Hornsby, Ryde
St Vincent de Paul Society NSW	St Vincent de Paul Society NSW	\$13,597.21	Newcastle, Shortland, Callaghan, Taro
St Vincent de Paul Society NSW	St Vincent de Paul Society NSW	\$40,791.63	Wagga Wagga
The Hills Community Aid and Information Service Inc	The Hills Community Aid and Information Service Inc	\$33,993.03	Hornsby, Parramatta Blacktown, Baulkham Hills, Hawkesbury
The Hills Community Aid and Information Service Inc	The Hills Community Aid and Information Service Inc	\$6,798.60	Blacktown, Baulkham Hills, Hawkesbury
The Hills Community Aid and Information Service Inc	The Hills Community Aid and Information Service Inc	\$6,798.60	Parramatta & Blacktown
The Parks Community Network Inc.	The Parks Community Network Inc.	\$47,590.24	Fairfield, Holroyd, Bankstown
Hope Connect Incorporated	Hope Connect Incorporated	\$47,590.24	Parramatta LGA & part Holroyd (East Merrylands & East Guildford)
Break the Cycle No Interest Loans Scheme Inc.	Break the Cycle No Interest Loans Scheme Inc.	\$27,194.42	Glenfield, Macquarie Fields
C 3 Community Services Ltd - C3CS NILS	C 3 Community Services Ltd - C3CS NILS	\$40,791.63	Campbelltown, Camden & Wollondilly
Macarthur Diversity Services Initiative Ltd	Macarthur Diversity Services Initiative Ltd	\$40,791.63	Campbelltown, Camden & Wollondilly
Inspire Community Services Incorporated	Inspire Community Services Incorporated	\$33,993.03	Liverpool

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
Uniting Church in Australia	Uniting Church in Australia	\$40,791.63	Botany, Randwick, Waverley, Woollahra, City of Sydney
Metro Assist	Metro Assist	\$20,395.82	Canterbury, Strathfield, Burwood
Marrickville Community Training Centre Inc	Marrickville Community Training Centre Inc	\$27,194.42	Marrickville (South & North), Dulwich Hill, Lewisham, Petersham, St Peters, Stanmore, Sydenham, Tempe, Enmore, Rockdale, parts of Newtown and Camperdown (Also 2008, 2016-2017, 2038, 2040, 2042-2044, 2048-2050, 2130, 2131, 2203, 2204)
Hunter Region No Interest Loans Scheme Inc.	Hunter Region No Interest Loans Scheme Inc.	\$101,979.09	Newcastle, Lake Macquarie, Maitland, Cessnock, Singleton, Muswellbrook, Gloucester, Upper Hunter, Port Stephens, Greater Taree, Great Lakes, Dungog
Manning Support Services Inc.	Manning Support Services Inc.	\$54,388.85	Greater Taree, Great Lakes, Gloucester
Forster Neighbourhood Centre Inc.	Forster Neighbourhood Centre Inc.	\$40,791.63	Great Lakes
Bellingen Neighbourhood Centre Inc.	Bellingen Neighbourhood Centre Inc.	\$27,194.42	Bellingen
Kempsey Neighbourhood Centre Inc.	Kempsey Neighbourhood Centre Inc.	\$40,791.63	Kempsey
Manning Support Services Inc.	Manning Support Services Inc.	\$40,791.63	Hastings
Lifetime Connect Inc.	Lifetime Connect Inc.	\$13,597.21	Nambucca Shire
Lifetime Connect Inc.	Lifetime Connect Inc.	\$40,791.63	Coffs Harbour
Sydney Anglican Home Mission Society Council	Sydney Anglican Home Mission Society Council	\$27,194.42	Shoalhaven
BaptistCare NSW & ACT	BaptistCare NSW & ACT	\$40,791.63	Newcastle, Lake Macquarie, Port Stephens and Maitland
BaptistCare NSW & ACT	BaptistCare NSW & ACT	\$40,791.63	Shellharbour, Albion Park, Barrack Heights, Lake Illawarra, Warilla, Mt Warrigal, Windang, Oak Flats, Flinders, Blackbutt, Shellharbour
BaptistCare NSW & ACT	BaptistCare NSW & ACT	\$40,791.63	Broken Hill, Wilcannia, Central Darling
BaptistCare NSW & ACT	BaptistCare NSW & ACT	\$27,194.42	Sutherland

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
Port Kembla Community Project Inc	Port Kembla Community Project Inc.	\$67,986.06	Wollongong
Northern Illawarra Community Connection Inc	Northern Illawarra Community Connection Inc	\$54,388.85	Wollongong and Sutherland
Highlands Community Centres Inc.	Highlands Community Centres Inc.	\$33,993.03	Wingecarribee, Mulwaree
Lismore Neighbourhood Centre Inc	Lismore Neighbourhood Centre Inc	\$67,986.06	Richmond Valley, Lismore, Kyogle, Tweed, Ballina
Toukley Neighbourhood Centre Inc.	Toukley Neighbourhood Centre Inc.	\$47,590.24	Wyong
Winmalee Neighbourhood Centre Inc	Winmalee Neighbourhood Centre Inc	\$20,395.82	Blue Mountains City (2776 & 2777)
Mid Mountains Neighbourhood Centre Inc.	Mid Mountains Neighbourhood Centre Inc.	\$20,395.82	Blue Mountains
Blackheath Area Neighbourhood Centre Inc	Blackheath Area Neighbourhood Centre Inc.	\$40,791.63	Blue Mountains & Greater Lithgow
Gosford City Community Information Service Ltd	Gosford City Community Information Service Ltd	\$40,791.63	Outer Gosford & Surrounds
Central Coast Emergency Accommodation Services Ltd (Coast Shelter)	Central Coast Emergency Accommodation Services Ltd (Coast Shelter)	\$33,993.03	Gosford City
Armidale Neighbourhood Centre Inc	Armidale Neighbourhood Centre Inc	\$27,194.42	Armidale, Dumaresq, Uralla, Guyra, Walcha
Anglicare NSW South, NSW West & ACT	Anglicare NSW South, NSW West & ACT	\$13,597.21	Goulburn
Anglicare NSW South, NSW West & ACT	Anglicare NSW South, NSW West & ACT	\$13,597.21	Eurobodalla
Anglicare NSW South, NSW West & ACT	Anglicare NSW South, NSW West & ACT	\$20,395.82	Bega Valley Shire
Anglicare NSW South, NSW West & ACT	Anglicare NSW South, NSW West & ACT	\$40,791.63	Orange, Milthorpe
Anglicare NSW South, NSW West & ACT	Anglicare NSW South, NSW West & ACT	\$27,194.42	Gilgandra, Coonamble
Anglicare NSW South, NSW West & ACT	Anglicare NSW South, NSW West & ACT	\$27,194.42	Forbes
Anglicare NSW South, NSW West & ACT	Anglicare NSW South, NSW West & ACT	\$27,194.42	Mudgee, Kandos, Rylstone
The Josephite Foundation	The Josephite Foundation	\$27,194.42	Lithgow
The Josephite Foundation	The Josephite Foundation	\$33,993.03	Bathurst, Blayney, Oberon
The Josephite Foundation	The Josephite Foundation	\$27,194.42	Cowra & Cabonne
The Josephite Foundation	The Josephite Foundation	\$27,194.42	Young, Boorowa, Cootamundra, Harden, Temora and Weddin
Local Global Care - Dubbo	Local Global Care - Dubbo	\$67,986.06	Dubbo, Walgett, Lightning Ridge,

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
			Bourke, Brewarrina, Collarenebri
Local Global Care - Dubbo	Local Global Care - Dubbo		Parkes
Local Global Care - Dubbo	Local Global Care - Dubbo		Narromine, Trangie
Wiradjuri Aboriginal Corporation	Wiradjuri Aboriginal Corporation	\$20,395.82	Wagga Wagga
Anglicare Victoria	Anglicare Victoria	\$27,194.42	Albury
The Salvation Army (NSW) Property Trust	The Salvation Army (NSW) Property Trust	\$27,194.42	Inverell
The Salvation Army (NSW) Property Trust	The Salvation Army (NSW) Property Trust	\$33,993.03	Tamworth, Gunnedah
The Salvation Army (NSW) Property Trust	The Salvation Army (NSW) Property Trust	\$20,395.82	Moree
Lismore Neighbourhood Centre Inc	Lismore Neighbourhood Centre Inc	\$108,446.83	All NSW
Winmalee Neighbourhood Centre Inc. (1800 Freecall Service)	Winmalee Neighbourhood Centre Inc. (1800 Freecall Service)	\$86,764.87	All NSW
<b>Total</b>		<b>\$2,357,168.32</b>	

## 7.11 Government Information (Public Access) statistics

There were 229 access applications received during the year, including withdrawn applications but not including invalid applications.

There were 14 access applications refused, either wholly or in part, because the application was for disclosure of information for which there is conclusive presumption of overriding public interest against disclosure.

These figures are from the following OFS divisions:

- Government Services
- Land and Property Information
- NSW Fair Trading
- NSW Public Works
- Office of State Revenue
- Property and Housing
- Service Innovation and Strategy
- NSW Government Telecommunications Authority (Telco)
- Corporate Services
- Office of the Chief Executive.

Safety, Return to Work and Support; NSW Self-Insurance Corporation (SICorp); Board of Surveying and Spatial Information (BOSSI); NSW Architects Registration Board; State Records Authority and BIG Corp produce their own annual reports and report separately.

**Table A: Number of applications by type of applicant and outcome\***

	Access granted in full	Access granted in part	Access refused in full	Info not held	Info already available	Refuse to deal with app	Refuse to confirm/deny info held	App withdrawn
Media	11	3	1	2	1	0	0	2
Members of Parliament	1	7	0	3	0	0	0	2
Private sector business	36	9	5	15	1	0	0	1
Not for profit organisations or community groups	1	0	1	0	0	0	0	1
Members of the public (application by legal representative)	9	9	0	6	6	0	1	8
Members of the public (other)	50	21	7	12	4	0	1	18

\*More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

**Table B: Number of applications by type of applicant and outcome**

	Access granted in full	Access granted in part	Access refused in full	Info not held	Info already available	Refuse to deal with app	Refuse to confirm/deny info held	App withdrawn
Personal information applications*	8	0	0	1	1	0	0	6
Access applications (other than personal information applications)	74	32	12	29	10	0	1	18
Access applications that are partly personal information applications and partly other	26	17	2	8	1	0	1	8

\*A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

**Table C: Invalid applications**

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	7
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	7
Invalid applications that subsequently became valid applications	3

**Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to Act**

	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	2

Executive Council information	1
Contempt	4
Legal professional privilege	6
Excluded information	1
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

**Table E: Other public interest considerations against disclosure: matters listed in table to section 14**

	Number of times application not successful
Responsible and effective government	18
Law enforcement and security	3
Individual rights, judicial processes and natural justice	37
Business interests of agencies and other persons	15
Environment, culture, economy and general matters	0
Secrecy provisions	2
Exempt documents under interstate Freedom of Information legislation	1

**Table F: Timeliness**

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	208
Decided after 35 days (by agreement with applicant)	14
Not decided within time (deemed refusal)	7
Total	229

**Table G: number of application reviewed under Part 5 of the Act (by type of review and outcome)**

	Decision varied	Decision upheld	Total
Internal review	2	1	3
Review by Information Commissioner*	1	2	3
Internal review following recommendation under section 93 of Act	1	0	1
Review by Administrative Decisions Tribunal	0	0	0
Total	4	3	7

\*The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

**Table H: Applications for review under Part 5 of the Act (by type of applicant)**

	Number of applications for review
Applications by access applicants	5
Applications by persons to whom information the subject of access applications relates (see s54 of the Act)	0

## 7.12 Implementation of price determination

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Land and Property Information has adhered to the Independent Pricing and Regulatory Tribunal of NSW (IPART) determination of pricing for valuation services to councils of \$5.50 per entry for residential land and \$12.09 per entry for non-residential land.

IPART's Review of prices for land valuation services provided by the Valuer General to Councils, issued in May 2014 sets the formula for determination of prices charged to local councils from 1 July 2014 to 30 June 2019.

## 7.13 Land disposal

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No properties with a value greater than \$5 million were disposed of during 2014/15.

No properties were disposed of where there was a business or family connection between the purchaser and the approving person.

An application for access to documents concerning details of properties disposed of during the reporting year may be made in accordance with the *Government Information (Public Access) Act 2009*.

## 7.14 Legislation administered

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### Finance and Services

The Office of Finance and Services administered the following Acts on behalf of the Minister for Finance, Services and Property.

Note: This does not include legislation administered by the Safety, Return to Work and Support Division or as otherwise listed separately below.

- *Access to Neighbouring Land Act 2000*
- *Associated General Contractors Insurance Company Limited Act 1980*
- *Betting Tax Act 2001 (jointly with the Treasurer)*
- *Bishopsgate Insurance Australia Limited Act 1983*
- *Border Railways Act 1922*
- *Commonwealth Places (Mirror Taxes Administration) Act 1998*
- *Community Land Development Act 1989*
- *Contractors Debts Act 1997*
- *Conveyancing Act 1919*
- *Conveyancing and Law of Property Act 1898*
- *Crown Lands Act 1989 so far as it relates to the Luna Park Reserve (within the meaning of the Luna Park Site Act 1990) (remainder, parts, the Premier, parts, the Minister for Sport, and parts, the Minister for Lands and Water), as of 29 May 2015*
- *Duties Act 1997 (jointly with the Treasurer)*
- *Electronic Conveyancing (Adoption of National Law) Act 2012*
- *Encroachment of Buildings Act 1922*

- *Fines Act 1996 (except parts, the Attorney General)*
- *First Home Owner Grant (New Homes) Act 2000*
- *Gaming Machine Tax Act 2001 Part 3, jointly with the Treasurer (remainder, jointly with the Treasurer and the Minister for Racing, except Part 4 and Schedule 1, the Minister for Racing)*
- *Geographical Names Act 1966*
- *Government Insurance Office (Privatisation) Act 1991 sections 26 and 27, jointly with the Treasurer (remainder, the Treasurer)*
- *Government Property NSW Act 2006*
- *Government Telecommunications Act 1991*
- *Health Insurance Levies Act 1982 (jointly with the Treasurer)*
- *Internal Audit Bureau Act, 1992 (jointly with the Treasurer)*
- *Home Building Act 1989 Part 6A (remainder, the Minister for Innovation and Better Regulation)*
- *HomeFund Restructuring Act 1993 (except parts, the Minister for Innovation and Better Regulation)*
- *Insurance Protection Tax Act 2001 (jointly with the Treasurer)*
- *Land Acquisition (Charitable Institutions) Act 1946*
- *Land Acquisition (Just Terms Compensation) Act 1991*
- *Land Sales Act 1964*
- *Land Tax Act 1956 (jointly with the Treasurer)*
- *Land Tax Management Act 1956 (jointly with the Treasurer)*
- *Loan Fund Companies Act 1976*
- *Luna Park Site Act 1990 (as of 29 May 2015)*
- *Mine Subsidence Compensation Act 1961 (as of 29 May 2015)*
- *National Broadband Network Co-ordinator Act 2010*
- *NSW Self Insurance Corporation Act 2004*
- *Partnership Act 1892 in so far as it relates to the functions of the Registrar of the register of limited partnerships and incorporated limited partnerships and to the setting of fees to be charged for maintaining that register, jointly with the Attorney General and the Minister for Innovation and Better Regulation (remainder, the Attorney General)*
- *Payroll Tax Act 2007 (jointly with the Treasurer)*
- *Payroll Tax Rebate Scheme (Disability Employment) Act 2011 (repealed on 19 December 2014)*
- *Payroll Tax Rebate Scheme (Jobs Action Plan) Act 2011*
- *Perpetuities Act 1984*
- *Personal Property Securities (Commonwealth Powers) Act 2009 Division 2 of Part 2 of Schedule 1 and clause 24 of Schedule 1, jointly with the Attorney General and the Minister for Innovation and Better Regulation (remainder, the Attorney General)*
- *Powers of Attorney Act 2003*

- *Public Works and Procurement Act 1912 (except section 34 (3) and (4), the Minister for Lands and Water)*
- *Real Property Act 1900*
- *Regional Relocation Grants (Skills Incentive) Act 2011 (except section 26A, the Minister for Regional Development)*
- *Service NSW (One-Stop Access to Government Services) Act 2013*
- *State Owned Corporations Act 1989 (section 37B remainder, the Premier)*
- *State Records Act 1998*
- *Strata Schemes (Freehold Development) Act 1973*
- *Strata Schemes (Leasehold Development) Act 1986*
- *Surveying and Spatial Information Act 2002 (jointly with the Minister for Innovation and Better Regulation, as of 29 May 2015)*
- *Sydney Entertainment Centre Act 1980 (as of 29 May 2015)*
- *Sydney Harbour Foreshore Authority Act 1998 (as of 2 April 2015)*
- *Taxation Administration Act 1996 (jointly with the Treasurer)*
- *Teacher Housing Authority Act 1975*
- *Trades Hall (Transfer of Land) Act 1970 (as of 19 December 2014)*
- *Transfer of Records Act 1923*
- *Unclaimed Money Act 1995*
- *Valuation of Land Act 1916*
- *Voluntary Workers (Soldiers' Holdings) Act 1917*

The Office of State Revenue also collects revenue under the *Parking Space Levy Act 2009* for Transport NSW, the Community Development Levy under the *Aboriginal Land Rights Act 1983*, and administers fines and collects revenue from Crown and commercial clients under various legislation including the *Road Transport Act 2013*.

The Office of Finance and Services administered the following Acts on behalf of the Minister for Innovation and Better Regulation (formerly the Minister for Fair Trading).

- *Agricultural Tenancies Act 1990*
- *Architects Act 2003 (as of 2 April 2015)*
- *Associations Incorporation Act 2009*
- *Biofuels Act 2007 (as of 29 May 2015)*
- *Boarding Houses Act 2012 (except parts, jointly with the Minister for Disability Services and parts, the Minister for Disability Services)*
- *Building and Construction Industry Security of Payment Act 1999*
- *Building Professionals Act 2005 (as of 29 May 2015)*
- *Business Names (Commonwealth Powers) Act 2011*
- *Charitable Fundraising Act 1991 (as of 29 May 2015)*
- *Community Land Management Act 1989*
- *Consumer Claims Act 1998*

- *Contracts Review Act 1980*
- *Conveyancers Licensing Act 2003*
- *Co-operative Housing and Starr-Bowkett Societies Act 1998*
- *Co-operatives (Adoption of National Law) Act 2012*
- *Credit (Commonwealth Powers) Act 2010*
- *Electricity (Consumer Safety) Act 2004*
- *Fair Trading Act 1987*
- *Fitness Services (Pre-paid Fees) Act 2000*
- *Funeral Funds Act 1979*
- *Gas Supply Act 1996 section 83A (remainder, the Minister for Industry, Resources and Energy)*
- *Holiday Parks (Long-term Casual Occupation) Act 2002*
- *Home Building Act 1989 (except part, the Minister for Finance, Services and Property)*
- *HomeFund Commissioner Act 1993*
- *HomeFund Restructuring Act 1993 sections 14, 15, 16 and Schedule 2 (remainder, the Minister for Finance, Services and Property)*
- *Innkeepers Act 1968 (as of 2 April 2015)*
- *Landlord and Tenant Act 1899*
- *Landlord and Tenant (Amendment) Act 1948*
- *Motor Dealers and Repairers Act 2013*
- *Mutual Recognition (Automatic Licensed Occupations Recognition) Act 2014*
- *Occupational Licensing (Adoption of National Law) Act 2010 and the Occupational Licensing National Law (NSW)*
- *Partnership Act 1892 in so far as it relates to the functions of the Registrar of the register of limited partnerships and incorporated limited partnerships and to the setting of fees to be charged for maintaining that register, jointly with the Attorney General and the Minister for Finance, Services and Property (remainder, the Attorney General)*
- *Pawnbrokers and Second-hand Dealers Act 1996*
- *Personal Property Securities (Commonwealth Powers) Act 2009 Division 2 of Part 2 of Schedule 1 and clause 24 of Schedule 1, jointly with the Attorney General and the Minister for Finance, Services and Property (remainder, the Attorney General)*
- *Plumbing and Drainage Act 2011*
- *Prices Regulation Act 1948*
- *Professional Standards Act 1994 (as of 29 May 2015)*
- *Property, Stock and Business Agents Act 2002*
- *Residential (Land Lease) Communities Act 2013*
- *Residential Parks Act 1998*
- *Residential Tenancies Act 2010 (except Part 7, jointly with the Minister for Social Housing)*

- *Retirement Villages Act 1999*
- *Storage Liens Act 1935 (previously Warehousemen's Liens Act 1935)*
- *Strata Schemes Management Act 1996*
- *Surveying and Spatial Information Act 2002 (jointly with the Minister for Finance, Services and Property, as of 29 May 2015)*
- *Tattoo Parlours Act 2012 (jointly with the Minister for Justice and Police)*
- *Travel Agents Act 1986 (until 19 December 2014)*
- *Uncollected Goods Act 1995 (as of 29 May 2015)*
- *Valuers Act 2003*

Acts previously within the portfolio of the Minister for Finance, Services and Property that transferred to the Treasury from 29 May 2015

- *Coal and Oil Shale Mine Workers (Superannuation) Act 1941*
- *First State Superannuation Act 1992*
- *Local Government and Other Authorities (Superannuation) Act 1927*
- *New South Wales Retirement Benefits Act 1972 229*
- *Parliamentary Contributory Superannuation Act 1971*
- *Police Association Employees (Superannuation) Act 1969*
- *Police Regulation (Superannuation) Act 1906*
- *Public Authorities Superannuation Act 1985*
- *State Authorities Non-contributory Superannuation Act 1987*
- *State Authorities Superannuation Act 1987*
- *State Public Service Superannuation Act 1985*
- *Superannuation Act 1916*
- *Superannuation Administration Act 1996*
- *Superannuation Administration Authority Corporatisation Act 1999*
- *Superannuation (Axiom Funds Management Corporation) Act 1996*
- *Transport Employees Retirement Benefits Act 1967*

## 7.15 Legislative change

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### Miscellaneous orders

Amendments to Schedule 1 of both the *State Authorities Superannuation Act 1987* and *State Authorities Non-contributory Superannuation Act 1987* to include the following new employers:

- LT Joint Venture Pty Limited (limited to those persons who, immediately before 1 October 2014, were employees of Roads and Maritime Services and on that date transferred their employment to LT Joint Venture Pty Limited)
- Veolia Water Operations Pty Ltd (limited to those persons who, immediately before 1 October 2014, were employees of the Hunter Water Corporation and on that date transferred their employment to Veolia Water Operations Pty Ltd)

- Water NSW
- Australian Laboratory Services Pty. Ltd. (limited to those persons who, immediately before 18 December 2014, were employees of Hunter Water Australia Pty Limited and on that date transferred their employment to Australian Laboratory Services Pty. Ltd.)
- Hunter H2O Holdings Pty Limited (limited to those persons who, immediately before 31 December 2014, were employees of Hunter Water Australia Pty Limited and on that date transferred their employment to Hunter H2O Holdings Pty Limited)
- Royal Institute for Deaf and Blind Children (limited to those persons who, immediately before 1 July 2014, were employees of the University of Sydney and on that date transferred their employment to the Royal Institute for Deaf and Blind Children)
- voestalpine VAE Railway Systems Pty Ltd (limited to those persons who, immediately before 1 March 2015, were employees of Sydney Trains and on that date transferred their employment to voestalpine VAE Railway Systems Pty Ltd)

Amendments to Schedule 1 of the *First State Superannuation Act 1992* to include the following new employers:

- AGL Macquarie Pty Limited, limited to those employees whose employment is transferred from Macquarie Generation to AGL Macquarie Pty Limited pursuant to offers of employment made under the Sale and Purchase Agreement dated 12 February 2014 between Macquarie Generation and AGL Macquarie Pty Limited
- Water NSW
- Snowy Hydro Limited, limited to those employees whose employment is transferred from Delta Electricity to Snowy Hydro Limited pursuant to offers of employment made under the Sale and Purchase Agreement (Colongra Assets) dated 29 December 2014 between the Crown in Right of the State of New South Wales, Delta Electricity and Snowy Hydro Limited

Amendments to Schedule 3 of the *Superannuation Act 1916* to include the following new employers:

- AGL Macquarie Pty Limited, limited to those employees whose employment is transferred from Macquarie Generation to AGL Macquarie Pty Limited pursuant to offers of employment made under the Sale and Purchase Agreement dated 12 February 2014 between Macquarie Generation and AGL Macquarie Pty Limited
- Water NSW
- Snowy Hydro Limited, limited to those employees whose employment is transferred from Delta Electricity to Snowy Hydro Limited pursuant to offers of employment made under the Sale and Purchase Agreement (Colongra Assets) dated 29 December 2014 between the Crown in Right of the State of New South Wales, Delta Electricity and Snowy Hydro Limited

## Land and Property Information

### ***Conveyancing (General) Regulation 2013***

The *Conveyancing (General) Regulation 2013* was amended on a number of occasions during the year to prescribe additional service providers able to take the benefit of easements in gross. The prescribed service providers were GSP Energy Pty Limited (ACN 101 038 386); Optus Mobile Pty Limited (ACN 054 365 696); Optus Networks Pty Limited (ACN 008 570 330); AGL Macquarie Pty Limited (ACN 167 859 494); Snowy Hydro Limited (ACN 090 574 431) and NBN Co Limited (ACN 136 533 741).

## **Real Property Regulation 2014**

The *Real Property Regulation 2014* was remade, with some minor amendments as part of the staged repeal program under the *Subordinate Legislation Act 1989*. Key amendments included:

- the National Verification of Identity Standard that applies to electronic conveyancing, which was adopted as the standard of verification that a mortgagee must take to verify the identity of a mortgagor. The Standard requires a mortgagee, or their agent, to conduct a 'face-to-face', in person interview with the person being identified, who must produce original documents to establish their identity
- photographs cannot be annexed to instruments lodged for registration without the consent of the Registrar General
- all alterations must be dated and the name of the person attesting the alteration must be clearly stated
- an alteration to a plan annexed to a dealing or caveat must only be made by, or with the authority of, the person who prepared the plan.

## **NSW Fair Trading**

### **Home Building**

The NSW Government commenced new home building laws over several dates in late 2014 and early 2015 (the *Home Building Amendment Act 2014* and the *Home Building Regulation 2014*).

The commencement of these laws marks the completion of the review of the *Home Building Act 1989*.

The review was undertaken by Fair Trading from 2012 to 2014 and involved extensive public consultation. The bulk of the reforms identified in the review have now been implemented and we are monitoring how the new laws are working.

Among a host of changes to update NSW's home building laws, the reforms included:

- stronger penalties to deal with traders who repeatedly ignore licensing and insurance requirements;
- clarification of statutory warranties for home owners against defective work;
- changes to rules governing home building contracts to introduce new requirements that regulate when consumers can be charged progress payments; and
- cutting red tape for owners who want to do minor works on their own home.

Fair Trading is also undertaking further work to examine reform options for the statutory insurance scheme under the Home Building Act, the Home Building Compensation Fund.

### **Motor Dealers and Repairers**

Following an extensive review and public consultation process, new laws for motor dealers and repairers commenced in December 2014: the *Motor Dealers and Repairers Act 2013* and *Motor Dealers and Repairers Regulation 2014*.

The new laws provide greater consumer protection and information such as:

- improved disclosure requirements for motor dealers
- statutory warranties are now consistent with consumer guarantees under the Australian Consumer Law (ACL)
- NSW Fair Trading officers have new powers to issue orders to licensed dealers and repairers to fix faults without a consumer having to take legal action
- penalties for odometer tampering have doubled

- a freely available online motor dealer and repairer licence check facility has been established.

Community seminars were held throughout NSW to educate motor dealers, repairers and recyclers about the new laws. Fair Trading has also been in ongoing communication with industry associations to help them educate their members and to facilitate the implementation of the new laws.

Other action is underway to implement the Government's response to the report of the NSW Legislative Assembly Select Committee on the Motor Vehicle Repair Industry.

### **Real estate**

In September 2014, a statutory review of the Property, Stock and Business Agents Regulation was completed. The main changes were:

- removal of obsolete references and repetitive provisions
- introducing a unique identifying number for general trust accounts
- allowing the use of various technologies for record-keeping and communication.

In December 2014, some additional minor changes were made to the Regulation regarding the commission warning statements and cooling off statements.

In May 2015, the Hon Victor Dominello MP, Minister for Innovation and Better Regulation, released revised real estate industry guidelines dealing with underquoting. The guidelines aim to assist real estate agents to better understand their responsibilities to vendors and purchasers when valuing and marketing properties.

Fair Trading will be undertaking additional action to better deal with underquoting later in 2015.

### **Travel agents**

In accordance with the national Travel Industry Transition Plan which was agreed by relevant Ministers in December 2012, the licence requirement for NSW travel agents was repealed on 1 July 2014.

Travel agent businesses now operate under the Australian Consumer Law. The Travel Compensation Fund will be closed by 31 December 2015 thereby completing the transition for the travel industry to the general consumer protection framework.

### **Staged repeal regulations**

The following regulations were remade as part of the staged repeal program under the *Subordinate Legislation Act 1989*:

- *Consumer Claims Regulation 2014 – to be repealed on 1 October 2015*
- *Co-operatives (New South Wales) Regulation 2014*
- *Property, Stock and Business Agents Regulation 2014*
- *Storage Liens Regulation 2014*
- *Home Building Regulation 2014*
- *Landlord and Tenant Regulation 2015*
- *Motor Dealers and Repairers Regulation 2014*
- *Mutual Recognition (Automatic Licensed Occupations Recognition) Regulation 2014.*

## Office of State Revenue

### **1. State Revenue Legislation Further Amendment Act 2014**

The *State Revenue Legislation Further Amendment Act 2014* received assent on 23 October 2014.

Unless otherwise stated, the amendments commence on the date of assent.

The Act makes changes to the *Duties Act 1997*, the *Land Tax Management Act 1956*, the *Payroll Tax Act 2007* and the *Payroll Tax Rebate Scheme (Jobs Action Plan) Act 2011*, as described below.

#### *(a) Amendment of Duties Act 1997*

##### Novation of agreement to lease

The amendment makes a novation of an agreement to lease land in New South Wales a dutiable transaction under Chapter 2 of the *Duties Act 1997*. The novation is treated as a transfer of the lessee's interest in the agreement to lease. The new lessee will be liable for duty on the dutiable transaction. The dutiable value of the transaction will be calculated by reference to the value of the lessee's interest in the agreement to lease.

##### Options to purchase land

The amendment ensures that certain transactions involving options to purchase land are dutiable in the same way as a transfer of an option to purchase land. The amendments provide that a transfer of an option to purchase land in New South Wales is taken to occur if, for valuable consideration:

- another person is nominated to exercise the option, or
- another person is nominated as purchaser or transferee of the land the subject of the option on or before the exercise of the option, or
- the option holder agrees to a novation of the option, or otherwise relinquishes rights under the option, so that another person obtains a right to purchase the land.

The amendment provides that the consideration for a transfer of land that occurs as a consequence of the exercise of an option to purchase land is taken to include the amount or value of the consideration provided by the transferee for the option. (Duty on a transfer of land is calculated by reference to the consideration for the transfer.)

The amendment ensures that the duty chargeable in respect of a transfer of land that occurs as a consequence of the exercise of an option to purchase land is reduced by the amount of duty (if any) paid by the transferee on the transfer of the option to the transferee.

##### Self-managed superannuation funds

The amendment changes a concession that applies when a member of a self-managed superannuation fund transfers property to the trustee or a custodian of the trustee of the fund. At present, duty is chargeable on such a transfer at a flat rate (rather than an ad valorem rate) if the transfer meets certain criteria (for example, the property transferred must be used solely for the purpose of providing a retirement benefit to the member who transfers the property).

The amendments make it clear that:

- the concession can apply if the transfer is made by more than one member of a self-managed superannuation fund, and
- if more than one member is transferring the property, the property must be used for the benefit of the members in the same proportions as it was held by them before the transfer, and

The concession does not apply if the property transferred is held by the member of the self-managed superannuation fund in a trustee capacity.

The amendments also increase the concessional rate of duty on such a transfer from \$50 to \$500.

The amendments provide for charging of duty at a flat rate of \$500 on a declaration of trust made by a custodian of the trustee of a self-managed superannuation fund that dutiable property is or is to be held in trust for the trustee of a named self-managed superannuation fund. This provision will apply if ad valorem duty was paid on the acquisition of the property by the custodian and consideration for the acquisition was provided by the trustee.

#### Duty on registration of heavy vehicle trailers

The amendments exempt from motor vehicle registration duty an application to register a heavy vehicle trailer that is a "same owner transfer" of registration. That is, an application for registration will be exempt if the trailer is or has been registered in the name of the person under legislation of the Commonwealth or of another State or a Territory.

The amendment also clarifies an existing exemption for heavy vehicle trailers that have never been registered so that it does not apply if the heavy vehicle trailer has previously been registered under the *Interstate Road Transport Act 1985* of the Commonwealth. (However, the new exemption for same owner transfers will apply to heavy vehicle trailers registered under that Act.)

#### (b) *Amendment of Land Tax Management Act 1956*

The *Land Tax Management Act 1956* permits related companies to be grouped for land tax purposes. This ensures that the land tax free threshold is applied only once to the land holdings of related companies.

The amendment ensures that two companies are not grouped for land tax purposes merely because the same person (or company) acting in a trustee or nominee capacity has a controlling interest in both companies. The two companies will be treated as related in such a case only if the trust concerned is a fixed trust with the same beneficiaries.

The amendment also makes a statute law revision to simplify the way in which the grouping rules are expressed. This amendment makes no change to the substance of the grouping laws.

This amendment applies from the 2015 tax year.

#### (c) *Amendment of Payroll Tax Act 2007*

As a general rule, contractual arrangements for the supply of services are subject to payroll tax as if the person engaged to perform the work under the contract was an employee and amounts paid under the contract were wages. This rule is subject to certain exceptions. The effect of the exceptions is to exempt certain contractual arrangements from payroll tax. The amendments restrict and clarify the exemptions.

The amendments makes it clear that a contract under which a person is supplied with services ancillary to the conveyance of goods by vehicle is also exempt from payroll tax if the services are provided solely for the conveyance of goods by vehicle. These amendments commenced on 1 July 2014.

The amendments also repeal the following exemptions with effect from a date to be proclaimed:

- contracts under which services are provided solely for or in relation to the procurement of persons desiring to be insured, and
- contracts under which services are provided for or in relation to the door-to-door sale of goods solely for domestic purposes.

The amendments include a new section 32 (2A) which makes it a general rule that an exemption does not apply if the Chief Commissioner determines that the contract or arrangement under which the services were supplied was entered into with an intention either directly or indirectly of avoiding or

evading payment of tax. This rule already applies to some, but not all, of the exemptions. These amendments commenced on 1 July 2014.

The amendments include a new section 32 (2B) to make it clear that an exemption for a contract under which a particular kind of services are supplied, or a particular kind of work is performed, does not apply if additional services or work are supplied or performed under the contract. This amendment commenced on 1 July 2014.

(d) *Amendment of Payroll Tax Rebate Scheme (Jobs Action Plan) Act 2011*

The amendments permit the Jobs Action Plan rebate to be claimed in respect of the employment of an internally transferred employee in a new job. A person is an internally transferred employee if the person's employment is transferred from one employer (the former employer) to another employer (the new employer) and either of the following applies:

- the former and new employers are members of the same group for payroll tax purposes
- the transfer occurs because the business or undertaking of the former employer is merged with, or taken over or otherwise acquired by, the new employer.

At present, such transfers of employees are excluded from the rebate scheme.

A rebate is not payable unless the Chief Commissioner is satisfied that the former employer would have been eligible for a rebate in respect of the employment of the employee if the employment with the former employer had continued.

The amendments apply to the specified transfers of employees occurring on or after 1 July 2011.

**2. *State Revenue Legislation Amendment (Electronic Transactions) Act 2014 (PEXA Act)***

The *State Revenue Legislation Amendment (Electronic Transactions) Act 2014* received assent on 23 October 2014.

Unless otherwise stated, the amendments commence on the date of assent.

The Act makes amendments to the *Duties Act 1997* and the *Taxation Administration Act 1996* to make further provision for the assessment and payment of tax by electronic means. The amendments are largely consequential of the enactment and implementation of the Electronic Conveyancing National Law (NSW) (the National Law). The amendments:

- make it clear that electronic instruments lodged under the National Law are regarded as written instruments for the purposes of the *Duties Act 1997* and provide for the circumstances in which such an instrument is taken to be executed and
- provide for special arrangements for the assessment and payment of duty in respect of those instruments, and
- permit the disclosure of information by tax officers in connection with the assessment of, and payment of duty in respect of, dutiable transactions or mortgages that are effected or partially effected electronically under the National Law, and
- allow banks and other parties to a transaction in respect of which a liability for tax arises to be approved to pay tax under a special arrangement, and
- simplify enforcement provisions relating to special arrangements, and
- provide for the registration of persons approved to pay tax under the special arrangements, and
- permit the Chief Commissioner of State Revenue (the Chief Commissioner) to direct an approval holder to pay tax in accordance with a special arrangement, and
- permit the Chief Commissioner to direct the payment of tax by electronic means, and

- provide for the phasing-out of the use of impressed stamps.

(a) *Amendment of Duties Act 1997*

The amendments provide that a reference in the *Duties Act 1997* to a written instrument or a dutiable transaction that is effected by a written instrument includes a reference to an electronic registry instrument or a dutiable transaction that is effected by an electronic registry instrument. An electronic registry instrument is a registry instrument under the National Law that is in a form that enables it to be lodged electronically under that Law. The amendment merely confirms the provisions of the National Law which state that electronic registry instruments that are digitally signed under the National Law are taken to be in writing for the purposes of the laws of New South Wales.

The amendments insert a definition of electronic registry instrument in the *Duties Act 1997*.

The amendments provide that an electronic registry instrument is taken to be first executed when it is first digitally signed by a subscriber under the National Law. Accordingly, liability for duty on a dutiable transaction that is effected under the National Law will arise when the electronic registry instrument is first digitally signed.

The amendments provide that if a single dutiable transaction is effected by more than one electronic registry instrument, only one of them is required to be stamped with the duty chargeable.

The amendments provide that an electronic registry instrument is not regarded as a counterpart for the purposes of a provision that imposes duty on counterpart instruments.

The amendments permit the Chief Commissioner to approve procedures for the payment of duty in respect of electronic registry instruments and for the endorsement or certification of those instruments in a way that indicates that duty has been paid, is payable or is not chargeable. An electronic registry instrument is taken to be duty stamped if the instrument is endorsed or certified in accordance with such a procedure.

The amendments permit the disclosure of information relating to the assessment of a dutiable transaction or mortgage, or the payment of duty in respect of a dutiable transaction or mortgage, if:

- the disclosure is made in connection with a dutiable transaction or mortgage that is effected or partially effected by use of an Electronic Lodgment Network under the National Law, and
- the disclosure is made to the Electronic Lodgment Network Operator or by use of the Electronic Lodgment Network, and
- the disclosure is made in connection with the administration or execution of the *Duties Act 1997*.

The amendments recognise that an instrument may be stamped with a unique transaction identifier or reference number, instead of an impressed stamp. The use of impressed stamps is to be phased-out.

(b) *Amendment of Taxation Administration Act 1996*

The amendments permit the Chief Commissioner to approve special arrangements for the payment of tax by any specified person who is a party to a transaction or class of transactions in respect of which a liability for tax arises and who is not a taxpayer. For example, this would permit the Chief Commissioner to approve special arrangements for the payment of mortgage duty by a bank (even though the bank is not the taxpayer liable to pay the duty). The amendments also make it clear that an agent or other person who acts on behalf of a taxpayer may be approved to pay tax under a special arrangement in relation to any taxpayers on whose behalf the agent or other person acts.

The amendments simplify enforcement provisions relating to approved special arrangements. Under the new provisions, it will be an offence for a person who is given approval to pay tax in accordance with the arrangements to contravene the conditions of the arrangement. The conditions will be binding

only on the person who is given the approval and not on a taxpayer who is not a party to the approval. A taxpayer will still be liable for any tax not paid in accordance with the special arrangements.

The amendments permit the Chief Commissioner to register a person as a person who is approved to pay tax under a special arrangement. The Chief Commissioner may, by order in writing served on the person, direct the person to pay tax to which the special arrangement applies in accordance with the special arrangement. For example, a special arrangement may provide for the payment of duty electronically and the endorsement of the instrument to indicate the payment of the duty (rather than the stamping of the instrument). If the Chief Commissioner directs an approval holder to pay duty in accordance with the special arrangement, the instrument may be endorsed under the special arrangement rather than lodged for stamping by the Chief Commissioner.

The amendments permit the Chief Commissioner to direct that tax be paid by electronic means.

### **3. *Regional Relocation Grants Amendment Act 2014***

The *Regional Relocation Grants Amendment Act 2014* received assent on 11 November 2014.

The Act was taken to have commenced on 30 September 2014, except for the provisions noted below which commenced on assent.

The Act makes amendment to the *Regional Relocation Grants Act 2011* (the Principal Act) to:

- confirm the closure of the regional relocation home buyers grant on 30 September 2014 following the closure of the scheme on that date by *the Regional Relocation Grants (Closure of Scheme) Order 2014* made in accordance with sections 57 of the Principal Act
- ensure a period of continued operation of the skilled regional relocation incentive from 30 September 2014 following the closure of the scheme on that date by that Order.

#### *(a) Amendment of Regional Relocation Grants Act 2011*

The amendments require an applicant for the skilled regional relocation incentive to have commenced employment or self-employment before the incentive scheme closure day, that is by 31 March 2015, unless an alternative date is appointed by the Minister by order published on the NSW legislation website.

The amendments clarify the operation of an existing requirement which applied to applicants for a skilled regional relocation incentive, to reflect the ongoing nature of business advisory programs.

The amendments provide that an application for a regional relocation home buyers grant or a skilled regional relocation incentive cannot be made once the relevant scheme has been closed for six months.

The amendments change the name of the Principal Act, to the *Regional Relocation Grants (Skills Incentive) Act 2011*, so that it more accurately reflects the nature of the Act's continued operation. This amendment commenced on assent.

#### *(b) Amendment of Taxation Administration Act 1996 and RRG Regulation*

The amendments update references to the Principal Act in the *Taxation Administration Act 1996* and the *Regional Relocation Grants Regulation 2012* as a consequence of the change of name of the Principal Act. This amendment commenced on assent.

### **4. *Payroll Tax Rebate Scheme (Jobs Action Plan) Amendment (Fresh Start Support) Act 2014***

The *Payroll Tax Rebate Scheme (Jobs Action Plan) Amendment (Fresh Start Support) Act 2014* received assent on 19 November 2014.

The Act commenced on the date of assent.

The object of this Act is to amend the *Payroll Tax Rebate Scheme (Jobs Action Plan) Act 2011* to implement the Government's proposed support scheme to provide for an additional payroll tax rebate in respect of the employment of persons whose employment with particular employers has been terminated because of redundancy. The additional rebate amount of \$1,000 is to apply in relation to the first year of eligible employment under the Act of a person who has been made redundant.

The amendments insert a reference to the definitions of designated employer and fresh start employee for the purposes of the proposed support scheme.

The amendments provide that the Minister may, by notice published in the Gazette, designate an employer as a designated employer, and must have regard to the matters prescribed by the regulations in making a designation. The amendments further provide that the designation of an employer may have retrospective effect, for the purposes of the proposed support scheme, to a day not earlier than 1 January 2014.

The amendments provide that the annual rebate amount for the first year of eligible employment in respect of fresh start employees under the support scheme is \$3,000. This amount is \$1,000 more than the rebate amount otherwise applying in relation to a person's first year of eligible employment under the Act.

The amendments define fresh start employee and prescribed redundancy for the purposes of the proposed support scheme.

The amendments provide that a regulation may prescribe a date to extend the scheme closure date in respect of the employment of any employees or any class of employees. An extension of the scheme closure date in respect of the employment of particular employees would extend the application of the rebate scheme those employees beyond the current scheme closure date under the Act (30 June 2015). The amendment also states how particular provisions of the Act would apply in relation to such employees, and provides that a regulation may apply provisions of the Act, with any necessary modifications, in relation to an extension of the rebate scheme.

The amendments extend the date on which the Act will be repealed by one year to 1 July 2019.

The amendments provide that an application under section 20 of the Act for registration as a claimant in respect of a fresh start employee may be made within 30 days after the day the notice designating the employee's former employer as a designated employer is published.

#### **5. Payroll Tax Rebate Scheme (Jobs Action Plan) Regulation 2015**

Following from the commencement of the *Payroll Tax Rebate Scheme (Jobs Action Plan) Amendment (Fresh Start Support) Act 2014*, a regulation was published on 23 January 2015 to provide that the scheme closure date be extended to 30 June 2017 in respect of the employment of any employee who was employed at the Electrolux factory in Orange and whose employment at that factory was terminated during the period between 1 January 2014 and 30 June 2017.

#### **6. Health Services Amendment (Ambulance Fees) Act 2014**

The *Health Services Amendment (Ambulance Fees) Act 2014* received assent on 23 October 2014.

The Act will commence on a date to be proclaimed.

The object of this Act is to amend the *Health Services Act 1997* (the Act) to establish a scheme for the charging and recovery of ambulance fees.

Under the new scheme:

- An ambulance fee can be charged to any person who is provided with ambulance services (including the parent or guardian of a child provided with ambulance services), unless the person is exempt, and

- An ambulance fee will be charged by way of a fee invoice served on the person liable to pay the fee, and
- If the fee is not paid, a debt notice (which functions similarly to a reminder notice) will be served on the person liable for the payment of the fee, and
- If the fee is still not paid, the Secretary of the Ministry of Health (the Health Secretary) can then refer the matter to the Commissioner of Fines Administration (the Commissioner) for fee recovery action, and
- The Commissioner will be able to take fee recovery action similar to the civil enforcement action available to the Commissioner for fines under the *Fines Act 1996*.

Before these amendments, the *Health Services Act 1997* permitted the Health Secretary to charge fees for the provision of ambulance services but did not provide any scheme for how those fees were charged or recovered in the event of non-payment.

(a) *Amendment of Health Services Act 1997*

The amendments insert Parts 3-7 into Chapter 5A of the Act. These Parts set out the new scheme for the charging of ambulance fees.

Part 3 of Chapter 5A empowers the Health Secretary to charge fees (ambulance fees) for the provision of ambulance services by or on behalf of the Health Secretary.

The Health Secretary may charge an ambulance fee to any person who has been provided with ambulance services, other than a child. If ambulance services are provided to a child, the Health Secretary may charge an ambulance fee for those services to any parent or guardian of the child.

Fees are to be charged in accordance with a scale of fees approved by the Minister. This was also the case prior to these amendments being made.

An exemption from ambulance fees applied to health benefits fund contributors and concession card holders. Further exemptions may be provided for by the regulations and by payment rules issued by the Health Secretary. The payment rules may also make provision for waiver and reduction of fees, extension of time to pay and payment by instalment.

Part 4 of Chapter 5A provides for the method by which ambulance fees are to be charged

The Health Secretary charges an ambulance fee by issuing an invoice (a fee invoice) for the ambulance fee and serving the fee invoice on the person liable for payment of the fee.

If the fee is not paid with seven days of the due date specified in the fee invoice, the Health Secretary may issue a notice (a debt notice) for the outstanding amount. The debt notice is required to inform the recipient that, if the fee is not paid, fee recovery action may be taken by the Commissioner and that, if fee recovery action is taken, the person liable for the fee may also be liable for fee recovery costs.

Both the fee invoice and the debt notice are required to include information about fee reviews (this is dealt with by Part 6).

The due date for payment specified in a fee invoice or debt notice must be at least 21 days after it is served on the person.

Part 5 of Chapter 5A provides that an ambulance fee specified in a debt notice served on a person is recoverable by the Health Secretary as a debt in a court of competent jurisdiction. The provisions permit the Health Secretary, instead of taking court proceedings to recover an ambulance fee, to refer the ambulance fee to the Commissioner for fee recovery action. The referral may be made only if the ambulance fee is not paid within seven days of the due date for the payment specified in the debt notice. The Health Secretary may, at any time, revoke the referral of an ambulance fee to the Commissioner or request the Commissioner to suspend fee recovery action.

The provisions permit the Health Secretary to disclose certain information to the Commissioner in connection with that fee recovery action.

Part 6 of Chapter 5A allows any person who is charged an ambulance fee to apply to the Health Secretary for a review of the decision to charge the fee. The Health Secretary is required to conduct a review if the application is duly made. While an on-time application for review is before the Health Secretary, fee recovery action is to be suspended. After conducting a review, the Health Secretary may revoke the decision to charge an ambulance fee, waive payment of the ambulance fee or confirm the decision to charge an ambulance fee with or without changing the payment arrangements for the fee.

Part 7 of Chapter 5A provides for the writing off of unpaid fees and the services and form of notices under the new scheme.

The amendments insert Schedule 9 into the Act. This Schedule sets out the new scheme for the recovery of ambulance fees. The scheme is modelled on parts of the *Fines Act 1996*, in particular, the civil enforcement mechanisms for fines under that Act.

Schedule 9 permits the Commissioner to make a fee recovery order in respect of any ambulance fee referred to the Commissioner by the Health Secretary. Notice of a fee recovery order must be served on the person liable for payment of the ambulance fee (the debtor). If the ambulance fee is not paid in accordance with the fee recovery order, the Commissioner may take fee recovery action.

The following fee recovery action may be taken by the Commissioner:

- The Commissioner may make a property seizure order in relation to any property of the debtor
- The Commissioner may make a garnishee order in relation to wages, salary or other amounts payable to the debtor
- The Commissioner may have the ambulance fee registered as a charge on land owned by the debtor.

Certain ancillary powers may be exercised in connection with those fee recovery actions, including powers to examine the debtor and to enter land.

If fee recovery action is taken, the Commissioner may charge, and recover from the debtor, fee recovery costs in addition to the ambulance fee payable by the debtor.

The Schedule also gives the Commissioner discretion to suspend or cancel fee recovery action, to withdraw a fee recovery order and reverse fee recovery action and to grant further time to pay. Specific provision is made for hardship. The Hardship Review Board will have similar functions with respect to ambulance fees as it has with respect to fines under the *Fines Act 1996*.

The Commissioner may enter into arrangements with the Health Secretary for the payment of ambulance fees recovered under the new scheme, and may retain a fee for services provided under the scheme.

The new provisions ensure that personal information obtained by the Commissioner or staff under the scheme is disclosed and used only in connection with the fee recovery scheme. It is not permitted to use the information for fines enforcement or taxation purposes.

Other administrative arrangements under the scheme are similar to the administrative arrangements in relation to fines under the *Fines Act 1996*, and certain provisions of that Act apply (with modifications) to the scheme.

Transitional provisions enable the Health Secretary to issue a debt notice for a fee that was charged before the commencement of the scheme. Accordingly, if the ambulance fee is not paid in accordance with the debt notice, the fee can be referred to the Commissioner and fee recovery action can be taken under the new scheme.

(b) Amendment of other Acts

An amendment to the *Fines Act 1996* permits the name "State Debt Recovery" to be used in connection with fee recovery action under the new scheme.

An amendment to the *Law Enforcement (Powers and Responsibilities) Act 2002* permits search warrants to be issued in connection with fee recovery action under the new scheme.

**7. Small Business Grants (Employment Incentive) Act 2015**

The *Small Business Grants (Employment Incentive) Act 2015* received assent on 29 June 2015.

The Act commenced on the date of assent.

The object of this Act is to assist in the creation of new jobs by establishing a grant scheme that gives small business employers an incentive to increase the number of their full time equivalent employees for a period of at least a year.

The grant scheme is for small business employers who employ people in new jobs on or after 1 July 2015, and before 1 July 2019, for services performed wholly or mainly in New South Wales.

The grant payable for each full time employee is \$2,000, with a proportional amount payable for a part time employee.

An employer is an eligible small business for the purposes of the grant if that employer has an ABN, carries on a business for the whole of the grant period and is not liable to pay payroll tax. The grant period is the period commencing on the date the eligible employment is claimed to commence and ending on the first anniversary of that date.

## 7.16 Overseas travel

Name and division	Travel dates	Destination, purpose and benefits	Total cost	Net cost to OFS
P Clark NSW Public Works	11/08/14 to 15/08/14	Norfolk Island, Australia Travel to perform scheduled maintenance of ocean monitoring equipment	\$2,022.99	\$0 <sup>1</sup>
P Clark NSW Public Works	29/08/14 to 13/08/14	Lord Howe Island, Australia Travel to perform scheduled maintenance of ocean monitoring equipment	\$1,203.10	\$0 <sup>2</sup>
R Crawford NSW Telecommunication Authority	22/09/14 to 26/09/14	Macao Travel to attend the Asia Pacific Tele community Wireless Group (AWG-17) meeting.	\$8,000	\$0 <sup>3</sup>
J McFarlane Corporate Services, Corporate Finance	21/11/14 to 25/11/14	Wellington, New Zealand Travel to attend an Executive Masters Public Administration (EPMA) subject through the Australian New Zealand School of Government (ANZOG).	\$1,450.00	\$1,450.00
N Harb NSW Public Works	7/3/15 To 12/3/15	Wellington, New Zealand Travel to participate in the international Search and Rescue Advisory Group External Classification Accreditation Process.	\$2,100	\$0 <sup>4</sup>
G Samios NSW Water Solutions Public Works	22/03/15 to 28/03/15	Kota Kinabalu, Malaysia Travel to conduct surveillance inspection of Babagon Dam, review instrumentation data and operating procedures.	\$2,250	\$0 <sup>5</sup>
D Guest NSW Water Solutions Public Works	22/03/15 to 28/03/15	Kota Kinabalu, Malaysia Travel to conduct surveillance inspection of Babagon Dam, review instrumentation data and operating procedures.	\$2,250	\$0 <sup>6</sup>
N Harb Government Architect's Office, NSW Public Works	17/03/15 to 31/03/15	Vanuatu Travel to contribute to the Australian Government's emergency aid package to Vanuatu following devastation by Tropical Cyclone Pam.	n/a	\$0 <sup>7</sup>

Name and division	Travel dates	Destination, purpose and benefits	Total cost	Net cost to OFS
M Gomola South Coast Region, Public Works	17/03/15 to 31/03/15	Vanuatu Travel to contribute to the Australian Government's emergency aid package to Vanuatu following devastation by Tropical Cyclone Pam.	n/a	\$0 <sup>8</sup>
D Mooney Land & Property Information	14/10/14 to 17/10/14	Wellington, New Zealand Travel to attend the Registrars of Title Conference in New Zealand.	\$1,627	\$1,627
P Mitchell Land & Property Information	14/10/14 to 17/10/14	Wellington, New Zealand Travel to attend the Registrars of Title Conference in New Zealand.	\$1,627	\$1,627
T Tsukamoto Fair Trading	25/02/15 to 26/02/15	Auckland, New Zealand Travel to audit a recognized external approval scheme (REAS)	\$1,328	\$1,328
C He Fair Trading	25/02/15 to 26/02/15	Auckland, New Zealand Travel to audit a recognized external approval scheme (REAS)	\$1,078	\$1,078

- 1 Expenses met under contractual arrangement with the Office of Environment and Heritage
- 2 Expenses met under contractual arrangement with the Office of Environment and Heritage
- 3 Expenses paid by the Australian Commonwealth Government
- 4 Expenses paid under contractual arrangement with the NSW Fire and Rescue
- 5 Expenses paid by Corporate Dynamics Sdn. Bhd.
- 6 Expenses paid by Corporate Dynamics Sdn. Bhd.
- 7 Expenses directly paid by the Commonwealth Department of Foreign Affairs
- 8 Expenses directly paid by the Commonwealth Department of Foreign Affairs

## 7.17 Public interest disclosure

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OFS has a Fraud and Corruption Internal Reporting Policy that outlines for staff the support and protections available under the *Public Interest Disclosures Act 1994* for a person wishing to make a public interest disclosure. The policy is widely available on the OFS intranet and includes details of the nominated officers who are authorised to receive a disclosure.

PID resources are available to staff on the OFS intranet and highlighted during induction training. A refresh of the OFS Fraud and Corruption Control Framework has commenced and will include a review of PID reporting arrangements, updates to resources and awareness notifications.

	Public interest disclosures made by public officials in performing their day to day functions	Public interest disclosures not covered by (1) that are made under a statutory or other legal obligation All	All other public interest disclosures
Number of public officials who made PIDs	0	0	6
Number of PIDs received	0	0	6
Of PIDs received, number primarily about:			
Corrupt conduct	0	0	4
Maladministration	0	0	2
Serious and substantial waste	0	0	0
Government information contravention	0	0	0
Local government pecuniary interest contravention	0	0	0
Number of PIDs finalised	0	0	4

Several agencies from OFS report on PID information in their respective annual reports. These are: Safety, Return to Work and Support Division; NSW Self Insurance Corporation (SICorp); Government Property NSW; State Records Authority; NSW Telco Authority; Teacher Housing Authority; and Board of Surveying and Spatial Information (BOSSI).

## 7.18 Research and development

### Land and Property Information

LPI is an industry partner through an ARC Linkage project with the University of Melbourne, a collaborative research project to develop 3D models to improve the ability to visualise and present information relating to all aspects of land and property management. Using 3D models, researchers are now able to better demonstrate the physical and legal aspects of land property and buildings. LPI contributes financially (\$30,000 a year over three years) and in-kind with data and staff involvement (0.2 full time equivalent FTE).

LPI participates in the national Cooperative Research Centre for Spatial Information (CRC-SI) program and annually contributes \$300,000 along with in-kind support from numerous staff (equal to approximately 1.5 FTEs) and the supply of NSW Foundation Spatial Data. LPI participates in many CRC-SI projects including: Next generation Australian and New Zealand datum; real-time positioning; High accuracy real-time positioning utilising the Japanese quasi-zenith satellite system (QZSS) augmentation system; International utilisation of quasi zenith satellite system (QZSS) for autonomous farming; Topographic map feature extraction.

LPI also participated in Program 1 – Positioning; Program 2 – Spatial Information Generation; and Program 4 - Applications.

During 2014/15, LPI's Survey Infrastructure and Geodesy section published five papers reporting on research into various aspects of satellite-based positionin: AusGeoid09, CORS infrastructure, the next-generation Australian datum, preservation and upgrade of Trigonometrical Stations and EDM baseline infrastructure and calibrations. The research and reporting was undertaken in-house by five

staff (<0.1 FTE) and in collaboration with national and international institutions. Some of these papers were peer-reviewed, demonstrating LPI's high standard of research.

## NSW Public Works

### **'Floods near me' application development**

NSW Public Works is working with State Emergency Services and MPES to proof develop a mobile telephone app 'Floods near me', similar to the 'Fires Near Me NSW' app. NSW Public Works secured funding of \$325,000 to develop a smart phone app to alert the community to flood warnings.

Using smartphone GPS capabilities, the app will provide warnings and other information for people within the vicinity of flood waters, additional information for landholders and evacuation warnings.

The app would significantly improve the centralised information available to the public and the emergency management sector by:

- giving the user mobile access to all flood related information in one location, including flood modelling data; levee inspection data and levee protection levels; dam break analysis data; flood intelligence card information (including planned evacuation routes, location of high ground)
- using maps rather than text to show actual evacuation areas/routes during an emergency
- providing an automatic personal warning system specific to the user's location, including evacuation areas
- better visualising the flood situation as it occurs by using maps and colour coding risks
- giving access to severe weather warnings and real-time severe weather information specific to the users location.

## 7.19 Risk management, attestation and insurance activities

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### Risk management

The Office has in place an Enterprise Risk Management Framework which complies with the core requirements of NSW Treasury's Internal Audit and Risk Management Policy for the NSW Public Sector (Policy and Guidelines Paper TPP09-05) and AS/NZS ISO 31000: Risk Management Principles and Guidelines. The key objectives of the Enterprise Risk Management Framework are to:

- integrate risk management principles and processes into corporate, division/entity and business unit planning to increase the likelihood of the agency achieving its corporate objectives
- create and support proactive risk management and ensure that an appropriate level of resources is allocated to control risks
- improve governance and reporting to ensure that information about risks to the organisation and its objectives are efficiently and effectively communicated to the appropriate decision-making level.

The Office introduced quarterly reporting on the performance of the general insurance portfolio and claims management, giving the OFS Executive Team and Audit and Risk Committee greater visibility over the insurance activities. Increasing oversight of insurance provisions in external contract negotiations has provided heightened surety regarding the security of OFS assets.

## Internal Audit and Risk Management Statement for the 2014-2015 Financial Year for Office of Finance and Services

I, Martin Hoffman, Secretary of the Department of Finance Services and Innovation and I, Anthony Lean, Acting Secretary, Department of Finance Services and Innovation (as at 1 July 2015) am of the opinion that the Office of Finance and Services (OFS) has internal audit and risk management processes in operation that are, excluding the exceptions described below, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*.

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

Ministerially Determined Departure	Reason for Departure and Description of Practicable Alternative Measures Implemented
Core Requirement 2: An Audit & Risk Committee has been established	<ul style="list-style-type: none"> <li>• TPP 12-04 <i>Guidance on Shared Arrangements and Subcommittees for Audit and Risk Committees</i> states in section 1 'Guidance on Shared Arrangements', sub section 1.1 'Determining eligibility to participate in a Shared Arrangement' on page 6 that: 'Subcommittees should only be established within a legal entity. Subcommittees should not be established to create capacity for an ARC to provide oversight over other legal entities within a cluster.' This precludes the NSW Government Telecommunications Authority and the State Records Authority from forming a subcommittee as they are both separate legal entities. Both Telco Authority and SRA agreed to form a subcommittee as full compliance to TPP 09-05 would impose an unreasonable administrative and cost burden.</li> <li>• A review of the former Department of Finance and Services cluster arrangements for Audit and Risk Committees was conducted to ensure that smaller related entities were relieved of the cost burdens of supporting their own Audit and Risk Committees and to provide an equivalent coverage of their obligations under TPP 09-05 through sharing of the Department's resources.</li> </ul>
The determination by the Minister for Finance and Services in respect of these departures, dated 15 July 2013, is appended to this attestation statement. (Not included in annual report)	

I, Martin Hoffman, and I, Anthony Lean, am of the opinion that the Audit and Risk Committee for the Office of Finance and Services is constituted and operates in accordance with the independence and governance requirements of *Treasury Circular NSW TC 09/08*. The Chair and Members of the Audit and Risk Committee are:

- Carolyn Burlew, Independent Chair (period of appointment from 14 October 2011 to 14 October 2015)
- Ralph Kelly, Independent Member (period of appointment from 1 September 2011 to 1 September 2014)
- Elizabeth Crouch, Independent Member (period of appointment from 13 October 2011 to 13 October 2014)
- Christine Feldmanis, Independent Member (period of appointment from 18 November 2013 to 18 November 2016)

The Audit and Risk Committee shared arrangements have been approved by the Minister for Finance and Services with the following statutory bodies:

- Fair Trading Administration Corporation
- Rental Bond Board
- State Records Authority
- NSW Government Telecommunications Authority

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



**Martin Hoffman**  
**Secretary**  
**Department of Finance Services and Innovation**

**Date 2/9/15**



**Anthony Lean**  
**Acting Secretary (as at 1 July 2015)**  
**Department of Finance Services and Innovation**

**Date 1/9/15**

## **Business risk insurance**

The Office of Finance and Services had insurance arrangements in place for all its assets and major risks. Insurable risk cover was primarily provided through participation in the NSW Treasury Managed Fund (TMF), a NSW government self-insurance scheme. Insurable risk exposures covered through the TMF included property, liability, motor vehicle, workers' compensation, travel and personal accident.

Total deposit contributions for TMF risks in the 2014/15 period fell by 18 per cent compared to 2013/14, driven by 27 per cent and 23 per cent reductions in workers compensation and motor vehicle contributions respectively.

## **Claims Performance**

Claims experience deteriorated across the portfolio in 2014/15 with an increase in both the number of claims and net incurred claims costs over the period. Excluding catastrophe losses, the single year loss ratios across policy types ranged from 31 per cent to 65 per cent for the period with an overall loss ratio of 43 per cent.

**Number of claims**

	2011/12	2012/13	2013/14	2014/15
Workers Compensation	252	155	79	120
Motor Vehicle	200	133	103	90
Property	21	8	5	13
Liability	6	5	6	4
Other	-	1	1	3
<b>Total</b>	<b>480</b>	<b>301</b>	<b>193</b>	<b>229</b>

**Net incurred claims cost (\$)**

	2011/12	2012/13	2013/14	2014/15
Workers Compensation	1,464,757	1,188,117	702,517	781,887
Motor Vehicle	642,517	380,909	416,485	306,185
Property	185,792	68,118	123,534	3,316,330
Liability	321,523	595,000	261,915	719,630
Other	-	696	610	2,932
<b>Total</b>	<b>2,614,589</b>	<b>2,232,144</b>	<b>1,504,452</b>	<b>5,126,964</b>

All incurred claims and relevant costs are sourced from TMF database. They are based on the claims lodged and relevant assessment to date. The final costs and claim numbers may vary due to the timing of loss incurred, claims reported, and the outcome of negotiated settlement.

## NSW Digital Information Security Policy

### Compliance Attestation Statement 2014-2015 Financial Year

#### Office of Finance and Services

#### Core requirement 5 – Compliance Attestation

I, Martin Hoffman, am of the opinion that the Office of Finance and Services had an Information Security Management System in place during the 2014-2015 financial year that is consistent with the Core Requirements set out in the NSW Government Digital Information Security Policy.

The controls in place to mitigate identified risks to the digital information and digital information systems of the Office of Finance and Services have been adequate, and will be updated to reflect significant structural and service provider changes in the next financial year.

Risks to the digital information and digital information systems of the Office of State Revenue, Land and Property Information, ServiceFirst and GovDC have each been assessed with an independent ISMS, certified in accordance with the NSW Government Digital Information Security Policy.



**Martin Hoffman**  
**Secretary**  
**Department of Finance, Services and Innovation**

## 7.20 Significant judicial decisions

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### Office of Finance and Services

#### ***Office of Finance and Services v APV and APW [2014] NSWCATAP 88***

This is an appeal decision made on 21 November 2014 where initially the Applicants (APV & APW) complained that between 31 March 2012 and 9 November 2012 their privacy was breached by the department using and disclosing information relating to their property (in particular address details) in the marketing material and sale contract prepared for the property next door to theirs.

Senior Member Isenberg concluded at the initial hearing that the information disclosed by the department relating to the property of APV and APW was “personal information” and found that the department had contravened sections 17 and 18 of the *Privacy and Personal Information Protection Act 1998* (PPIPA).

On appeal, the Appeal Panel set aside the Tribunal's decision that the department had breached its obligations under s18 of PPIPA in relation to the department's disclosure of information to the architect.

The Appeal Panel affirmed that the department's use of APV and APW's personal information for the purposes of the change of use application to the Council for the property next door was a breach of its obligations under sections 17 and 18 of PPIPA.

## NSW Fair Trading

### ***Commissioner for Fair Trading v Rixon (No.3) [2014] NSWSC 1279***

In early 2014, the Commissioner commenced contempt proceedings against Mr Rixon in the Supreme Court of NSW following further complaints that Mr Rixon had undertaken residential building work in the Wollongong area and elsewhere in NSW. The Commissioner alleged that Mr Rixon was acting in direct breach of the Court's orders made 14 April 2013 which prevented him from contracting or doing residential building work in NSW. On 19 September 2014, the NSW Supreme Court convicted Mr Rixon of contempt and sentenced him to a term of imprisonment of 18 months, suspended on condition that he was of good behaviour and undertook 300 hours of community service.

### **Rachael Jena Kwawegen**

Ms Kwawegen was prosecuted in the Local Court at Parramatta for the fraudulent conversion of trust funds under s211 of the *Property, Stock & Business Agents Act 2002*. It was alleged that Ms Kwawegen as the licensee in charge of The Strata Agency Pty Ltd had misappropriated \$1,010,258 from various strata plan trust accounts over a period of two and a half years. On 16 September 2014, Ms Kwawegen was convicted and sentenced to 15 months imprisonment, with a nine month non parole period. Ms Kwawegen was also ordered to pay \$100,000 compensation and costs of \$3,000.

### **Peter Noel Sorensen**

Mr Sorensen was prosecuted in the Local Court at Parramatta for offences under the Australian Consumer Law. It was alleged that Mr Sorensen, trading as 'Construction Mining & Resource Media', had issued false tax invoices on various mining companies seeking and accepting payment for the purported placing of advertisements, allegedly at the companies' request, in various mining magazines which did not exist. On 16 February 2015, the Court convicted Mr Sorensen sentencing him to 15 months imprisonment with a six month non parole period. Mr Sorensen was also ordered to pay compensation of \$100,000 to the victim mining companies. Mr Sorensen has appealed the severity of this sentence to the District Court at Parramatta where the appeal is listed for hearing in July 2015.

### **Jessica Bates and Luke Rayment**

Ms Bates and Mr Rayment were prosecuted in the Local Court at Parramatta for offences under the Australian Consumer Law. It was alleged that they had engaged in either the supply or the supply and possession of consumer goods, namely the synthetic drug 'White Revolver' where an interim ban for that product was in force. On 18 July 2014, both defendants were convicted and sentenced. Ms Bates was ordered to pay \$500 in fines. Mr Rayment was ordered to pay \$2,000 in fines.

## Land and Property Information

### ***Arambasic v Veza [2014] NSWSC 258***

An unregistered interest was created by instalment contract, for sale of the land between registered proprietor and purchaser; however the registered proprietor then transferred the land to a third person (a volunteer) who had constructive notice of the instalment contract. The Supreme Court had to determine whether the conduct of the volunteer was fraudulent or whether the volunteer takes title free from purchaser's unregistered interest.

The Court found on the current state of the law in NSW which differs from other States that, despite being a volunteer, they acquired an indefeasible title upon registration that prevailed against the unregistered equitable interest of Ms Veza.

### ***Cassegrain v Gerard Cassegrain & Co Pty Ltd [2015] HCA 2***

This case concerned the registration of the wife as a joint tenant with the fraudster in a series of Transfers. The High Court found that the first transfer to the wife was not tainted with fraud but the second transfer to her for no consideration of the fraudster remaining interest was. The High Court in

its decision held that s118 of the *Real Property Act 1900* provides that proceedings for recovery of land lie against a person who became the owner: through their own fraud: s.s118(1)(d)(i); or without paying valuable consideration and having derived their interest from a fraudulent registered proprietor: s118(1)(d)(ii).

Unfortunately in its decision, the Court declined to make a decision in relation to what fraud "in the process" of registration encompasses and the area of the law remains uncertain.

***Goodman Court Pty Ltd v the Registrar General of New South Wales [2014] NSWSC 1828***

Concerned the Registrar General's powers and duty where the Registrar General was on notice of irregularities in documents provided to him in an application under s12 (4) of the Trustee Act. The Court held

It is the Registrar- General's duty generally to register an instrument correctly executed by an applicant, without inquiring into the circumstances. Registration should be refused only if the Registrar General is affirmatively satisfied that the instrument purports to effect an unlawful transaction or is otherwise not entitled to registration; mere suspicion or doubt in that respect is insufficient to warrant refusal. Where there is doubt, s12A of the Real Property Act, gives the Registrar General the procedural facility to delay registration temporarily while giving a person who is thought may contest the dealing notice and an opportunity to approach the court for relief.

On an application under, s122 of the Real Property Act, reviewing a decision of the Registrar General, the function of the Court is to give the direction it considers the Registrar General ought to have given having regard to the evidence adduced before the Court (which is not limited to that considered by the Registrar General), and to the law applicable at the date of the hearing, subject only to the limitation that, where the Registrar General has given reasons pursuant to s121, he may not rely on additional grounds of opposition without leave.

The Court also provided some guidance on s112(4) of the Trustee Act, stating the section does not confer discretion to register a new trustee on application under that section, but a duty to do so, once the requirements of the section have been satisfied. In the circumstances that the Registrar- General was satisfied that the application was prima facie compliant and no requirement under s12(4) remained outstanding, it was, at least prima facie, the duty of the Registrar General "to make an entry of the vesting of the trust property".

***Registrar-General of New South Wales v Jea Holdings (Aust) Pty Ltd [2015] NSWCA 74***

In a unanimous decision the Court of Appeal confirmed the Registrar General's power of correction in regard to an omitted easement; The Court found that a recording of easement had been made for the purposes of the Act, when an existing certificate of title at the time of the transfer of the land (in this case on the benefited land) had a recording made upon it. Additionally, the validity of the easement was not affected by the failure to record it upon the certificate of title of the burdened land.

**NSW Self Insurance Corporation**

***Brookfield Multiplex Ltd v Owners Corporation Strata Plan 61288 [2014] HCA 36***

This decision modified the law of negligence in Australia by restricting the finding of a duty of care where a contract is involved, or the possibility of contractual protection. The primary area where this could affect the Building Insurers' Guarantee Corporation is in the space of recoveries against third parties after claims are paid.

**Office of State Revenue**

***Milstern Nominees Pty Ltd v Chief Commissioner of State Revenue [2015] NSWSC 68***

The taxpayer, Milstern Nominees Pty Ltd, sought review of the Chief Commissioner's decision not to exercise his discretion to grant the taxpayer a partial exemption under s163H of the *Duties Act 1997*

from landholder duty otherwise payable under Chapter 4 in relation to its acquisition of shares in Milstern Enterprises Pty Ltd (“Enterprises”) on 23 December 2010 and 8 March 2011.

Justice White held that the ‘just and reasonable’ discretion in s163H of the Duties Act is not limited to avoiding the application of double or multiple impositions of duty by the same acquisition.

Justice White overturned the Chief Commissioner’s decision by finding that it was not just and reasonable for Chapter 4 to apply to the acquisition by the taxpayer of the shares in Enterprises where Enterprises as a matter of fact does not own or control the land, or have any expectation of receiving the land or any proceeds of sale of any part of the land, or any income from it.

***Bisvic Pty Limited v Chief Commissioner of State Revenue (No2) [2014] NSWCATAD 166***

The taxpayer, Bisvic Pty Limited, sought review of the Chief Commissioner’s land tax assessment requiring the taxpayer to pay land tax in respect of non-rural land at Yalla, South of Wollongong (“the land”).

The Tribunal found that the taxpayer’s primary production activity of maintaining horses for sale was conducted as a business for the purpose of profit on a continuous and repetitive basis even though there was little prospect of the business ever making a profit. However, the Tribunal found that the primary production business was not conducted for a significant and substantial purpose or character, and was not the dominant use of the land, even though the horse business was conducted on 96.5 per cent of the land area.

The dominant use of the land was another business, referred to as the pallet business, which resulted in a continuous and predictable profit in the form of rent. The Tribunal confirmed the Chief Commissioner’s assessment.

***Chief Commissioner of State Revenue v Seovic Civil Engineering Pty Ltd [2014] NSWCATAP 94***

The Chief Commissioner of State Revenue appealed the decision of the Civil and Administrative Tribunal in *Seovic Civil Engineering v Chief Commissioner of State Revenue* [2014] NSWCATAD 52. The Tribunal had remitted the matter to the Chief Commissioner to exercise his discretion to exclude Exell Management Pty Ltd (“Exell”) from a group with Seovic Civil Engineering Pty Ltd (“Civil”) and Seovic Engineering Pty Ltd (“Engineering”) pursuant to s79 of the Payroll Tax Act 2007.

The Appeal Panel allowed the Appeal and confirmed the Chief Commissioner’s decision not to exclude Exell from the group that included Seovic and Engineering.

In reaching that conclusion, the Appeal Panel found that the Tribunal made an error of law by failing to consider whether the supply of contract workers by Exell to Civil and Engineering amounted to a relevant connection between the businesses carried on by those companies. The Appeal Panel found that the supply of contract workers was a real or meaningful connection, in a commercial sense and not an immaterial, inconsequential or passing connection between the carrying on of the businesses.

***Qualweld Australia Pty Ltd v Chief Commissioner of State Revenue [2014] NSWCATAD 227***

Qualweld Australia Pty Ltd (“the Taxpayer”) sought a review in the NSW Civil and Administrative Tribunal of an assessment of payroll tax for the years ended 30 June 2009 to 30 June 2012 inclusive.

The proceedings considered whether amounts paid by the Taxpayer to welders are payments made pursuant to ‘employment agency contracts’ as set out in s37 of the *Payroll Tax Act 2007*.

The Chief Commissioner’s decision that the payments were made pursuant to employment agency contracts was affirmed by the Tribunal, and the assessments were confirmed.

## 7.21 Waste reduction and purchasing policy

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OFS applied and promoted the Waste Reduction and Purchasing Policy (WRAPP) as it continued to reduce waste, increase resource recovery (recycling and reuse) and purchase materials with recycled content.

OFS's Office Fitout Program emphasises the use of recycled content and low volatile organic compounds (VOCs), that are a) durable, energy efficient, functional and, where possible, recyclable at the end of their life and b) sourced from suppliers/ manufacturers that have environmental credentials or certifications (e.g. ISO 14001, E1, FSC Certification, GECA Label). Content includes the use of modular recycled carpet, low VOCs paint, recycled cork/rubber floor coverings, recycled plastic bulletin panels and low formaldehyde emissions joinery.

The Waste Management Strategy, which was rolled out in the McKell Building in 2012, the Eclipse and the Barrington buildings, Parramatta, in late 2013 and Macquarie Tower, Parramatta in June 2015, continues to improve recycling and reduction of waste going to landfill

The Strategy has significantly improved the recycling rate of commercial and industrial waste for the McKell Building and met the NSW Government target of 76 per cent by 2014 (required by the *Waste Avoidance and Resource Recovery Act 2001*).

The waste management system in McKell Building separates OFS office waste into three categories: general (55%); recycled (30%); and green waste (15%).

The agency minimised paper consumption by using paperless systems wherever possible, using:

- online purchasing and electronic scanning of invoices
- online applications and approvals of human resource transactions
- electronic tendering
- TRIM digital records management system
- multi-function devices.

Ninety-nine percent of white paper purchased contained recycled content.

The McKell Building sustainability actions comply with [Premier's Memorandum 2008-28](#), which outlines the Government's sustainability policy and goal of becoming carbon neutral by 2020.

## 7.22 Work health and safety and injury management

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The Office of Finance and Services (OFS) is committed to providing a healthy and safe workplace for all workers, including contractors, agency staff and volunteers.

A number of initiatives were undertaken in 2014/15 with the aim of preventing injuries and illnesses and promoting a timely, sustainable and early return to work for injured workers

### Office ergonomics

Over the last two years there was a significant reduction in claims relating to overuse type injuries. This was largely due to the efforts of work health and safety and injury management consultants in:

- regularly assessing workstations in response to reports of discomfort
- implementing tools and guidelines to support the changes in technology, for example working at stand-up workstations and working with hand held devices and laptops.

The focus in 2015/16 will be on the early reporting of injuries in an attempt to reduce the severity of subsequent claims. It was noted in 2014/15 that there had been a small increase in the days lost and cost of these claims in comparison to 2013/14 data, despite the ongoing reduction in claim numbers.

During 2014/15, the Work Health Safety and Injury Management unit focused on early reporting of incidents (within 24 hours of notification to the workplace) and having all incidents investigated within three days of being reported, by releasing a circular and reporting divisions' performance through the dashboard report.

### **Work Health Safety and Injury Management Community of Practice**

The Work Health Safety and Injury Management (WHSIM) Community of Practice met regularly to discuss the strategic direction of WHS across OFS. A comprehensive review was undertaken in 2015 recommending a review of the Safety Management System framework and associated documentation. This work will progress in the first half of 2015/16.

The group continued to participate in the wider WHSIM community:

- hosting meetings with other mid-size agencies through the MIDAS group coordinated by SunCorp Risk Service
- attending the quarterly Public Sector Rehabilitation Coordinators Network meetings to maintain currency of knowledge and facilitate the implementation of a best practice approach to claims management within OFS
- attending quarterly claims reviews with the insurer and participating in quarterly service level agreement meetings facilitated by SICorp in order to monitor and review the effective management of workers compensation claims.

### **Training**

The WHSIM unit:

- conducted Effective Committee training for OFS health and safety committees
- completed the five day HSR training, run by a registered training company, for two Health and Safety Representatives (HSRs)
- participated in the OFS Orientation Program to provide information about WHS and ergonomics.

### **Officer due diligence**

Information sessions or online training were offered to all members of the Executive who may be considered officers under the *WHS Act 2011*.

WHS facilitated risk management training for senior managers in several divisions, including Government Services, Fair Trading and Office of State Revenue. The training enables them to carry out their due diligence obligations by identifying and managing WHS risks associated with their business operations.

### **Risk Management System Software**

From 1 July 2014, all WHS incidents, investigations and workers compensation claims were entered into Risk Management System Software (RMSS) by WHSIM. RMSS assists with risk management and monitoring.

### **First Aid in the Workplace**

A central emergency number was introduced in the McKell Building to improve access to a first aid officer in the event of an emergency.

First aid officers were inducted, and participated in in-house 'lessons learnt' training and refresher training conducted by Integrity First Aid, a Supply Nation certified provider.

## Staff health and wellbeing initiatives

OFS supported the NSW Government's Healthy Workforce Policy with:

### Flu vaccinations

The OFS annual flu vaccination program provided free on-site flu vaccinations to minimise the risk of contracting the influenza virus. Available in 34 locations throughout NSW, the program was taken up by 2,492 participants from all divisions including contractors and external agencies working in the same premises.

### Illness prevention

In the lead up to winter, OFS introduced a comprehensive approach to protecting employee health, placing hand sanitizers in bathrooms and common areas, using surface wipes to clean furniture and equipment and providing face masks and wipes on request.

### Fitness Passport

Fitness Passport is an external organisation that facilitates access to reduced price gymnasium memberships. The aim is to support the DFSI health and well-being program.

OFS has engaged with Fitness Passport and is in the initial stages of discovering employees' level of interest in participating.

Office of State Revenue has given employees in Parramatta access to the Fitness Passport and currently has 344 primary members and a total of over 700 members when all family members are included.

## Workers Compensation

### Deposit premium contributions

The deposit premium across the cluster has seen a year on year reduction since a contribution high in 2012/13, with an overall reduction of 51 per cent to 2014/15. The reduction from 2013/14 to 2014/15 was 32 per cent.

### Litigated claims

OFS had 23 claims listed in the Workers Compensation Commission:

- six claimants were awarded settlements for whole person impairment
- five claimants were awarded payments for wages and medical expenses
- one claimant was awarded payment for medical expenses only
- two matters are under appeal or in dispute
- one matter was awarded in favour of the respondent and the insurers decision upheld
- one matter was withdrawn
- remaining matters are awaiting hearing dates or outcomes.

### Claims data

The last five years have seen a significant reduction in the total number of workers compensation claims across all 11 OFS workers compensation policies. Total claims reported in 2014/15 financial year was 74, a 7.5 per cent reduction compared to 2013/14.

There was a slight increase in the number of claims experiencing lost time and the total days lost and this will be a focus for the coming financial year.

## Workers Compensation Claims<sup>2</sup>

Business areas by Workers Compensation policy capture	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2014/15	2014/15 <sup>3</sup>	2014/15 <sup>5</sup>
	No. of injuries resulting in claims <sup>2,6</sup>						No of injuries resulting in lost time <sup>3,6</sup>	Total time lost due to injuries (in days) <sup>3,6</sup>	Average time lost per injury (in days) <sup>3,6,7</sup>
NSW Fair Trading	66	65	64	29	14	11	3	90	30
NSW Procurement	2	4	2	0	1	0	0	0	0
ServiceFirst	23	20	18	7	3	2	0	0	0
Public Works and others <sup>1</sup>	52	48	59	23	8	8	3	42	14
Construction Services Group	34	31	17	14	14	16	11	134	12.1
Office of State Revenue	50	38	55	23	19	19	10	73.6	7.36
Land and Property Information	33	47	35	24	10	10	4	23	5.7
Waste Asset Management Corporation <sup>4</sup>	-	7	8	3	5	4	3	73	24.3
Housing and Property Group	4	1	2	2	2	2	0	0	0
State Records	3	10	10	5	3	2	1	7	7
Teacher Housing Authority	2	0	0	0	0	0	0	0	0
Telco <sup>4</sup>	-	0	0	0	1	0	0	0	0
Govt cleaning service	0	0	0	1	0	0	0	0	0
<b>Total</b>	<b>269</b>	<b>271</b>	<b>270</b>	<b>131</b>	<b>80</b>	<b>74</b>	<b>35</b>	<b>442.6</b>	<b>12.65</b>

1. NSW Public Works and others include all other divisions within the agency not specifically itemised in this table.
2. Claim numbers and claim totals may change between annual reporting periods due to late notification of injury or movements within the agency.
3. Time lost data will continue to change as claims mature and data is updated by the Insurer with payment of wage reimbursement schedule.
4. Data for previous years not available. Data is updated as agencies join/exit the agency.
5. Total 2014/15 average time lost per injury (total lost time in hours / 7 (7.6 for Construction Services Group and WAMC) to show lost time in days) represents the average time lost per injury across the agency. Data source: Allianz TMF 3 July 2015
6. Injuries include illnesses.
7. Figure is calculated by dividing total time lost due to injuries (in days) by total number of injuries resulting in lost time.

## 7.23 Access to Office of Finance and Services and related entities offices

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### Office of Finance and Services

McKell Building  
2–24 Rawson Place  
Sydney NSW 2000

T: (02) 9372 8877

[www.finance.nsw.gov.au](http://www.finance.nsw.gov.au)

Hours: 8:30am – 5:30pm

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### Divisions

#### **Government Services**

McKell Building  
2–24 Rawson Place  
Sydney NSW 2000

T: (02) 9372 8877

[www.finance.nsw.gov.au](http://www.finance.nsw.gov.au)

Hours: 8:30am – 5:00pm

#### **Land and Property Information**

1 Prince Albert Road  
Queens Square  
Sydney NSW 2000

GPO Box 15  
Sydney NSW 2001

T: (02) 9228 6666

[www.lpi.nsw.gov.au](http://www.lpi.nsw.gov.au)

Hours: 8:30am – 4:30pm

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#### **NSW Fair Trading**

The Eclipse Building  
Level 11, 60 Station Street  
Parramatta NSW 2150

PO Box 972  
Parramatta 2124

T: (02) 9895 0111

[www.fairtrading.nsw.gov.au](http://www.fairtrading.nsw.gov.au)

Hours: 8:30am – 5:00pm

#### **NSW Public Works**

McKell Building  
2–24 Rawson Place  
Sydney NSW 2000

T: (02) 9372 8949

[www.publicworks.nsw.gov.au](http://www.publicworks.nsw.gov.au)

Hours: 8:30am – 5:00pm

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## Divisions

### **Office of State Revenue**

Lang Centre, cnr Hunter and Marsden Streets  
Parramatta NSW 2150

GPO Box 4042  
Sydney NSW 2001

T: (02) 9689 6200

[www.osr.nsw.gov.au](http://www.osr.nsw.gov.au)

Phone enquiries: 8:30am – 5:00pm

Counter services: 8:30am – 4:30pm

### **Property and Housing Group**

Bligh House  
Level 9, 4–6 Bligh Street  
Sydney NSW 2000

T: (02) 9273 3800

[www.finance.nsw.gov.au](http://www.finance.nsw.gov.au)

Hours: Mon to Fri 8.30am – 4.30pm

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### **Safety, Return to Work and Support**

92–100 Donnison Street  
Gosford NSW 2250

T: (02) 4321 5000 or 131050  
[contact@workcover.nsw.gov.au](mailto:contact@workcover.nsw.gov.au)

Hours: 8:30am - 5:00pm

### **Service Innovation and Strategy**

McKell Building  
2–24 Rawson Place  
Sydney NSW 2000

T: (02) 9372 8877

[www.finance.nsw.gov.au](http://www.finance.nsw.gov.au)

Hours: 8:30am – 5:00pm

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## Related entities

### **NSW Procurement Board**

McKell Building  
2–24 Rawson Place  
Sydney NSW 2000

T: (02) 9372 7748

[nswbuy@services.nsw.gov.au](mailto:nswbuy@services.nsw.gov.au)

Hours: 8:30am – 5:30pm

### **Geographical Names Board**

346 Panorama Avenue  
Bathurst NSW 2795

T: (02) 6332 8214

T: 1800 025 700

[www.gnb.nsw.gov.au](http://www.gnb.nsw.gov.au)

## 8. Office of Finance and Services annual reporting compliance checklist 2014/15

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## Quick reference guide

### **Office of Finance and Services**

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Parramatta 2124  
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Sydney NSW 2001  
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### **NSW Public Works**

McKell Building  
2-24 Rawson Place  
Sydney NSW 2000  
Tel: (02) 9372 8949  
[www.publicworks.nsw.gov.au](http://www.publicworks.nsw.gov.au)

### **Office of State Revenue**

Lang Centre  
Corner Hunter and  
Marsden Streets  
Parramatta NSW 2150  
GPO Box 4042  
Sydney NSW 2001  
Tel: (02) 9689 6200  
[www.osr.nsw.gov.au](http://www.osr.nsw.gov.au)

### **Property and Housing Group**

Bligh House  
Level 9, 4-6 Bligh Street  
Sydney NSW 2000  
Tel: (02) 9273 3800  
[www.finance.nsw.gov.au](http://www.finance.nsw.gov.au)

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346 Panorama Avenue  
Bathurst NSW 2795  
Tel: (02) 6332 8214  
Tel: 1800 025 700  
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McKell Building  
2-24 Rawson Place  
Sydney NSW 2000  
Tel: (02) 9372 8840  
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### **Waste Assets Management Corporation**

Level 4  
10 Valentine Avenue  
Parramatta NSW 2150  
Tel: (02) 9685 4960  
[www.wamc.nsw.gov.au](http://www.wamc.nsw.gov.au)

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2-24 Rawson Place  
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