

AUDITOR-GENERAL'S REPORT

FINANCIAL AUDITS

Volume Five 2007



The Legislative Assembly
Parliament House
Sydney NSW 2000

The Legislative Council
Parliament House
Sydney NSW 2000

Pursuant to the *Public Finance and Audit Act 1983*, I present Volume Five of my 2007 Report.

Peter Achterstraat
Auditor-General

Sydney
November 2007

GUIDE TO USING THIS VOLUME

This volume summarises the results of a number of our financial audits.

We have attempted to adopt a 'plain English' style of writing. This is not always easy when describing technical issues, but we recognise the diversity of our readership and their needs.

This Volume has three sections. Section One incorporates The Legislature.

Section Two is divided into ministerial portfolios, each containing one or more government agencies. Each agency's comment begins with a summary of our **Audit Opinion**. This is a key result of each audit. An 'unqualified audit opinion' means we are satisfied that the agency has prepared its financial report in accordance with Australian Accounting Standards (and other mandatory requirements). It also means we believe the report has no material errors and the scope of our audit has not been limited. If any of these aspects are not met we issue a 'qualified audit opinion' and explain why we did this.

The next section outlines any **Key Issues** we identified during the audit. These are matters such as:

- significant findings or outcomes of the audit
- any major developments impacting on the agency's role or activities
- key repeat findings
- recommendations to Parliament.

The Audit Opinion and the Key Issues sections represent the more important findings. By targeting these sections, readers can quickly understand the major issues facing a particular agency, or glance through a number of reports to assess the financial health of a portfolio.

Performance Information cover key financial and operational statistics we have identified that help understand how well the agency is performing. Wherever possible we include comparisons with similar agencies interstate.

The next two sections contain analysis of issues we identified during our audit. While many of these will include suggestions for improvement, these are not as significant as the issues outlined in the first two sections of the agency comment.

Other Information summarises any other matters noted during the audit of the agency that warrant inclusion in this Report

Financial Information summarises the essential information from each agency's financial report. While this is sufficient for a broad understanding of the agency's financial position, readers can access more detailed financial statements in the agency's annual report or website.

Agency Activities summarise the agency's purpose, services, structure, relevant legislation, and its web address.

While some 'agency comments' in this volume will have all of the headings outlined here, this will vary depending on the size of the organisation and the findings of our audit.

The **Agency Response** appears where the head of an agency does not believe that the commentary in our Report adequately reflects the agency's position or actions taken. As we discuss our proposed comments with agency staff during the drafting process, few agencies ask for a formal response to be included.

Section Three refers to Performance Audits tabled or in progress at the time of this report.

Contents

Significant Items	v
SECTION ONE - The Legislature	
The Legislature	3
SECTION TWO - Commentary on Government Agencies	
Attorney General	9
<i>Attorney General's Department</i>	11
<i>Legal Aid Commission of New South Wales</i>	19
<i>Office of the Director of Public Prosecutions</i>	23
<i>Office of the Protective Commissioner and Public Guardian</i>	25
<i>Public Trustee NSW</i>	28
Minister for Ageing and Minister for Disability Services	33
<i>Department of Ageing, Disability and Home Care</i>	35
<i>Home Care Service of New South Wales</i>	43
Minister for Arts	47
<i>Art Gallery of New South Wales Trust</i>	49
<i>Australian Museum Trust</i>	51
<i>Department of the Arts, Sport and Recreation</i>	53
<i>Historic Houses Trust of New South Wales</i>	57
<i>Library Council of New South Wales</i>	60
<i>Sydney Opera House Trust</i>	62
<i>Trustees of the Museum of Applied Arts and Sciences</i>	64
Minister Assisting the Minister for Finance	67
<i>Lifetime Care and Support Authority of New South Wales</i>	69
<i>Motor Accidents Authority of New South Wales</i>	71
<i>Workers' Compensation (Dust Diseases) Board</i>	73
Minister for Climate Change, Environment and Water	77
<i>Sydney Catchment Authority</i>	79
<i>Upper Parramatta River Catchment Trust</i>	84
<i>Waste Recycling and Processing Corporation (WSN Environment Solutions)</i>	86
<i>Zoological Parks Board of NSW</i>	89

Minister for Commerce	93
<i>Australian Centre for Advanced Computing and Communications Pty Ltd</i>	95
<i>Building Insurers' Guarantee Corporation</i>	96
<i>Department of Commerce</i>	98
<i>NSW Businesslink Pty Ltd</i>	107
<i>Rental Bond Board</i>	110
<i>State Records Authority of New South Wales</i>	112
Minister for Community Services	115
<i>Department of Community Services</i>	117
Minister for Education and Training	127
<i>Office of the Board of Studies</i>	129
<i>Teacher Housing Authority of New South Wales</i>	130
Minister for Emergency Services	133
<i>New South Wales Fire Brigades</i>	135
<i>New South Wales Rural Fire Service</i>	140
<i>State Emergency Service</i>	142
Minister for Finance	143
<i>State Property Authority</i>	145
<i>Superannuation Administration Corporation (trading as Pillar Administration)</i>	148
Minister for Gaming and Racing	151
<i>Greyhound and Harness Racing Regulatory Authority</i>	153
<i>New South Wales Lotteries Corporation</i>	156
Minister for Health	161
<i>New South Wales Health Foundation</i>	163
Minister for Housing	165
<i>Aboriginal Housing Office</i>	167
<i>City West Housing Pty Ltd</i>	172
<i>Home Purchase Assistance Fund</i>	173
<i>NSW Department of Housing</i>	174
Minister for Industrial Relations	185
<i>Building and Construction Industry Long Service Payments Corporation</i>	187
Minister for Justice	189
<i>Department of Corrective Services</i>	191
Minister for Juvenile Justice	199
<i>Department of Juvenile Justice</i>	201

Minister for Lands	205
<i>Crown Leaseholds Entity</i>	207
<i>Department of Lands</i>	209
<i>Land Development Working Account</i>	215
Minister for Local Government	217
<i>Department of Local Government</i>	219
Minister for Mineral Resources	223
<i>Mine Subsidence Board</i>	225
<i>New South Wales Coal Compensation Board</i>	226
Minister for Planning	229
<i>Corporation Sole, 'Minister Administering the Environmental Planning and Assessment Act 1979'</i>	231
<i>Corporation Sole, 'Minister Administering the Heritage Act 1977'</i>	232
<i>Department of Planning</i>	233
<i>Landcom</i>	236
<i>Sydney Harbour Foreshore Authority</i>	239
<i>Sydney Olympic Park Authority</i>	243
Minister for Police	247
<i>NSW Police Force</i>	249
Minister for Primary Industries	255
<i>NSW Food Authority</i>	257
Minister for Sport and Recreation	259
<i>Centennial Park and Moore Park Trust</i>	261
<i>Wollongong Sportsground Trust</i>	263
Minister for State Development	265
<i>Department of State and Regional Development</i>	267
<i>Ministerial Corporation for Industry</i>	270
Minister for Transport	271
<i>Overview of Transport and Roads Services</i>	273
<i>Ministry of Transport</i>	277
<i>Public Transport Ticketing Corporation</i>	281
<i>State Transit Authority</i>	285
<i>Sydney Ferries Corporation</i>	290

Premier	297
<i>Department of Premier and Cabinet</i>	299
<i>Independent Commission Against Corruption</i>	303
<i>New South Wales Electoral Commission</i>	305
<i>Ombudsman's Office</i>	306
<i>World Youth Day Co-ordination Authority</i>	309
Special Minister of State	311
<i>Parliamentary Contributory Superannuation Fund</i>	313
Treasurer	317
<i>Crown Property Portfolio</i>	319
<i>Electricity Tariff Equalisation Ministerial Corporation</i>	323
<i>Energy Industries Superannuation Scheme</i>	326
<i>Liability Management Ministerial Corporation</i>	331
<i>NSW Self Insurance Corporation</i>	333
<i>SAS Trustee Corporation - Pooled Fund</i>	337
<i>State Super Financial Services Australia Limited</i>	344
<i>The Crown Entity</i>	348
<i>Treasury</i>	351
 SECTION THREE - Performance Auditing	
Performance Audit Reports Tabled in Parliament Since Volume Four of 2007	357
Performance Audits in Progress	358
 APPENDICES	
Appendix 1: Agencies not reported elsewhere in this Volume	361
Appendix 2: Financial Reports Not Received by Statutory Date (as at 14 November 2007)	362
Appendix 3: Financial Reports Received but Audit Incomplete by Statutory Date	363
Appendix 4 - Qualified Independent Auditor's Reports Issued	368
 INDEX	 371

Significant Items

	Page
Public Trustee NSW	
The Common Fund has \$69.3 million in its Interest Suspense Account.	28
Australian Museum Trust	
The Trust is unable to nominate a date when the program of recording its collections on an electronic database will be completed.	51
Lifetime Care and Support Authority of New South Wales	
The Authority was established on 1 July 2006 with responsibility for the Lifetime Care and Support Scheme. The scheme is designed to provide no fault care and support services for people severely injured in motor vehicle accidents.	69
Waste Recycling and Processing Corporation (WSN Environmental Solutions)	
There is a conflict between the <i>Waste Recycling and Processing Corporation Act 2001</i> and the Corporation's ability to comply with it. We first raised this matter in 2002.	86
Department of Commerce	
Employees are again building up significant flexitime and annual leave balances in excess of the maximum allowed under the Department's flexible working hours and annual leave policies.	98
The Department has employed contractors continuously for lengthy terms (up to 15 years). There is a lack of policy to help ensure these engagements provided the best option for delivering its services.	98
The full implementation of the Government Licensing System will again be deferred. To date, only 260,000 licences have been deployed on the system. The Department is currently revising the implementation timetable. The further delay could be significant.	99
Not all agencies have implemented the Government's Procurement Reforms mandated by the Premier. We recommend that the Department of Premier and Cabinet introduce a review process for ensuring agencies have complied with the mandated requirements.	100
NSW Fire Brigades	
Employees have built up significant flexitime credits in excess of the maximum allowed under the Department's Flexible Working Hours Policy.	135
Some employees hold significant annual leave balances in excess of those allowed under the Department's annual leave policy. Firefighters also hold significant levels of annual leave.	135
State Property Authority	
The Authority commenced operations on 1 September 2006. All functions of the Crown Property Portfolio, as well as its assets and liabilities, were transferred to the Authority on 1 July 2007.	145

Crown Leaseholds Entity

In 2006-07, enhancements in geospatial technology enabled the Entity to determine a reliable estimate of aboriginal land claims granted but not transferred. The Entity's financial report includes \$1.0 billion of Crown land for which an aboriginal land claim has been granted, but not transferred. 207

Department of Lands

The Department cannot demonstrate it has fulfilled all its responsibilities under the *Crown Lands Act 1989*. 209

The Department cannot readily determine how many reserve Trusts submitted annual reports. 209

Of the 15,581 Aboriginal Land claims lodged under the *NSW Aboriginal Land Rights Act 1983* to 30 June 2007, 8,922 (57 per cent) were unresolved as at 30 June 2007, with 344 claims unresolved for more than ten years. 210

The Crown Leaseholds entity has \$1.0 billion of land granted to Aboriginal Land claimants that has not been transferred due to the absence of legal title. Until legal title passes, claimants cannot fully access or use the land. Based on the Department's current survey resourcing capacity, it may take more than 20 years before all current granted claims are cleared. 210

Based on current repayments, it will take the Department 606 years to fully repay its \$3.2 million Treasurer's advance and over the remaining life of the advance, the Department will have paid \$25.3 million in interest. 210

Department of Local Government

We recommend consideration be given to improving the timeliness of compiling and reporting comparative information on the performance of all local councils in New South Wales. 219

NSW Police Force

The Force should closely monitor its liquidity to ensure availability of sufficient funds to meet the expected increasing costs of the Death and Disability Scheme 249

Public Transport Ticketing Corporation 281

There is uncertainty regarding the value of the Corporation's intangible assets.

The Corporation has charged the contractor developing the Tcard system, liquidated damages totalling \$10.0 million. 282

The Corporation issued notices to the contractor to complete delayed milestone events and stages. 282

Sydney Ferries Corporation

The Government continues to provide financial support to Sydney Ferries while it develops plans to address inefficient activities. 290

A special commission of inquiry recommended commencement of processes offering a comprehensive service contract, including fleet replacement responsibilities, to the market as soon as possible. 290

The rise in overtime costs and the number of recipients appears inconsistent with the objectives of the new Enterprise Bargaining Agreements. 291

Parliamentary Contributory Superannuation Fund

The New South Wales Treasury's target is to fund the Parliamentary Contributory Superannuation Scheme to a level of 80 per cent of unfunded liabilities. As current funding level exceeds target, Treasury suspended Crown contributions for the period beginning 1 July 2006 to 30 June 2008. 313

Unfunded liabilities increased from \$32.2 million at 30 June 2006 to \$40.3 million at 30 June 2007, representing a 82.9 per cent medium-term funding target level for the Fund. 313

Crown Property Portfolio

The longstanding qualification of the Portfolio's financial report was removed in 2006-07. 319

The Portfolio's functions as well as its assets and liabilities were transferred to the State Property Authority on 1 July 2007. The Portfolio ceased operations from that date. 319

Sale of the Shea's Creek Wool Sheds and Q-stores was finalised on 3 July 2007. Proceeds from the sale were taken up by the State Property Authority. 319

SAS Trustee Corporation - Pooled Fund

Unfunded superannuation liabilities decreased from \$10.9 billion at 30 June 2006 to \$9.8 billion at 30 June 2007. 337

A high proportion of members in the Police Superannuation Scheme retire 'hurt on duty' resulting in higher than normal ongoing pension liabilities due to more generous benefits. In 2006-07, 278 members (78 per cent of total exits) retired 'hurt on duty'. 338

Section One



The Legislature

This Section provides a summary of Performance Audit Reports presented to Parliament. The full Reports are available on the Audit Office website at www.audit.nsw.gov.au/reports.htm

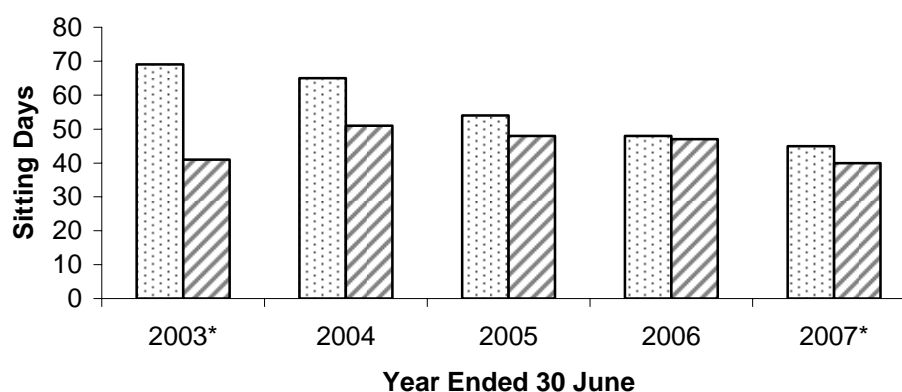
The Legislature

AUDIT OPINION

The audit of The Legislature's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

PERFORMANCE INFORMATION

NSW Legislature Sitting Days



□ Legislative Assembly ▨ Legislative Council

* an election was held in this year

Year ended 30 June	Legislative Assembly			Legislative Council		
	2005	2006	2007	2005	2006	2007
Sitting days held	54	48	45	48	47	40
Sitting hours	455	429	388	446	401	324
Bills						
Introduced	114	127	119	na	na	na
Initiated in Council	na	na	na	15	7	11
Received from Assembly	na	na	na	104	110	103
Passed	112	111	105	112	99	107
Disposed of/lapsed	5	31	32	8	20	1
Questions asked						
On notice (written)	1,909	2,040	1,545	1,226	1,844	585
Without notice	470	452	384	901	850	718

Source: The Legislature (unaudited).
na: not applicable.

The Legislature's activities and costs are linked to the activities of the Parliament. The Legislature views comparisons with other jurisdictions as not meaningful due to structural differences in the method of operations.

OTHER INFORMATION

We identified minor opportunities for the Legislature to improve its internal control procedures and have reported these to management.

FINANCIAL INFORMATION

Abridged Operating Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Employee related	50,120	47,659
Other expenses	68,084	65,831
TOTAL EXPENSES	118,204	113,490
TOTAL REVENUE	7,508	6,163
Loss on disposal of non-current assets	(59)	(16)
NET COST OF SERVICES	110,755	107,343
Government contributions	111,642	102,944
SURPLUS/(DEFICIT)	887	(4,399)

Revenue increased by \$1.3 million due to a revaluation of plant and equipment. The operating result improved from a deficit in 2005-06 to a surplus in 2006-07 mainly because of additional Government Contributions.

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Current assets	4,375	2,809
Non-current assets	181,239	183,211
TOTAL ASSETS	185,614	186,020
Current liabilities	9,624	10,026
Non-current liabilities	38	37
TOTAL LIABILITIES	9,662	10,063
NET ASSETS	175,952	175,957

Abridged Program Statement

The table below details the Legislature's net cost of services on a program basis:

Year ended 30 June	2007			2006
	Revenues \$'000	Expenses \$'000	Net Cost of Services \$'000	Net Cost of Services \$'000
Parliamentary Government - Legislative Council	464	24,556	24,092	23,054
Parliamentary Government - Legislative Assembly	734	68,481	67,747	64,819
Parliamentary Support Services - Joint Services	6,310	25,167	18,916	19,470
Total all programs	7,508	118,204	110,755	107,343

LEGISLATURE ACTIVITIES

The Legislature provides the Parliamentary Government for New South Wales. Its main function is to make laws or amend existing laws for the peace, welfare and good government of the State, in all matters not specifically reserved for the Commonwealth Parliament. It also has a role in holding Executive Government accountable for its use of taxpayers' moneys, powers and resources.

The Legislature is responsible for providing administrative and support services for parliamentary representation comprising the Members of the Legislative Assembly and the Legislative Council. Support services include House Departments, the Parliamentary Library, Hansard, and building, catering and special services at Parliament House.

For further information on the Legislature, refer to www.parliament.nsw.gov.au.

Section Two

Commentary on Government Agencies

Attorney General

Attorney General's Department

Legal Aid Commission of New South Wales

Office of the Director of Public Prosecutions

Office of the Protective Commissioner and Public Guardian

Public Trustee NSW

Refer to Appendix 1 for:

Judicial Commission of New South Wales

Legal Profession Admission Board

Attorney General's Department

AUDIT OPINION

The audits of the Department and its controlled entities' financial reports for the year ended 30 June 2007 resulted in unqualified Independent Auditor's Reports.

PERFORMANCE INFORMATION

The Department provided the following information regarding its court performance:

Clearance Rate

The clearance rate indicates whether a court is keeping up with its workload. It measures the number of cases finalised as a percentage of the cases registered in the same period. A clearance rate above 100 per cent indicates a court is clearing its backlog of cases.

New South Wales had a clearance rate close to or above 100 per cent in the majority of courts for both criminal and civil matters in 2005-06 (the most recent available information).

The table below shows the clearance rates (civil and criminal) in 2005-06.

Year ended 30 June	Clearance Rate 2006							
	NSW %	Vic %	Qld %	WA %	SA %	Tas %	ACT %	NT %
Criminal								
Local/Magistrates courts	101.0	93.5	96.0	108.0	99.3	71.9	113.7	100.0
District/County courts	95.5	85.0	105.2	110.5	88.5	na	na	na
Supreme/Federal courts	102.9	97.0	92.1	95.2	119.7	100.4	86.1	110.3
Civil								
Local/Magistrates courts	93.2	84.2	99.2	97.7	118.3	103.1	106.2	89.9
District/County courts	110.4	121.5	130.6	130.8	106.8	na	na	na
Supreme/Federal courts	103.5	84.8	91.5	98.1	124.5	132.1	91.2	100.9

Source: Productivity Commission's Report on Government Services 2007.
na: not applicable.

Case Completion Times

The backlog is an indicator used to measure court timeliness. Backlog is defined as the percentage of pending cases within a jurisdiction that are older than the court's case disposal time standards.

New South Wales had some of the best results for court timeliness compared to other States and Territories. Both the Local Court and District Court in New South Wales had the lowest backlog of cases over 12 months old for non-appeal criminal cases when compared with other States and Territories. The non-appeal criminal cases in these courts represent over 90 per cent of the criminal matters handled in New South Wales.

The NSW District and Supreme Courts also had the second lowest backlog of cases over 12 months old for civil non-appeal matters. Non-appeal matters represent over 99 per cent of the District Court's civil workload and over 90 per cent of the Supreme Court's civil workload.

The Supreme Court ranked last for criminal non-appeal matters (39.4 per cent of pending criminal matters over 12 months old), however this related to only 37 cases. Unlike other States and Territories, the NSW Supreme Court deals primarily with homicide and related offences, which are the most complex and time-consuming criminal matters.

The table below shows the percentage of non-appeal pending cases older than 12 months.

Year ended 30 June	Backlog 2006							
	NSW %	Vic %	Qld %	WA %	SA %	Tas %	ACT %	NT %
Criminal								
Local/Magistrates courts	2.1	5.4	15.5	10.8	15.0	4.8	10.3	na
District/County courts	12.4	17.3	20.2	32.0	28.0	np	np	np
Supreme/Federal courts	39.4	19.9	17.3	22.5	28.0	16.2	19.3	21.9
Civil								
Local/Magistrates courts	na	11.1	6.7	8.8	12.5	4.7	11.1	32.6
District/County courts	27.4	40.4	39.5	38.4	27.0	np	np	np
Supreme/Federal courts	25.4	30.2	39.3	41.4	20.8	39.8	39.3	56.7

Source: Productivity Commission's Report on Government Services 2007.

na: not available.

np: not applicable.

Average Cost Per Case Finalised

In 2005-06, the cost of court administration per matter in New South Wales was on par with the national average. The average cost per matter in the NSW Supreme and District Courts was less than the national average, while the Local Courts costs were slightly higher. The Department advises that the higher costs in NSW Local Courts are due to the cost of providing the public with access to 168 courthouses compared to about 50 courthouses in Victoria.

The table below shows the average net cost per finalisation (civil and criminal) in 2005-06.

Court Costs per Finalisation 2005-06 (Average Net Cost per Case Finalised)	NSW (\$)	National Average (\$)
Local	321	280
District	3,817	3,820
Supreme	3,521	5,541
Total	602	598

Source: Productivity Commission's Report on Government Services 2007.

Excludes payroll tax. 'Total' figure excludes electronic infringement, family courts, the Federal Magistrates Court and coroners' court.

OTHER INFORMATION

We identified other opportunities for improvement to accounting and internal control procedures and will reported them to management.

Debtor Recognition

During the year the Department reassessed the basis for recognising debtors to better reflect the probability of payments from debtors. People owing money to the Department are often convicted criminals who owe court costs, victim compensation levies and victim restitution orders. They are quite often unable to pay the monies owing as they are either in jail, unemployed or without substantial assets.

The total amount owing for restitution orders made by the Victims Compensation Tribunal totalled \$270 million. The Department recognised \$17.6 million of this amount in accordance with asset recognition criteria.

Monies owing for court cost and levies total \$79.9 million and the Department recognised \$17.9 million of these debts.

Major Projects

Implementation of JusticeLink

JusticeLink (previously known as Courtlink) is to be an integrated multi-jurisdictional court administration system with web-based services for court users and the capability for electronic exchange of information between justice sector agencies.

The Department initially commenced work on a new case management system in 2001, with full implementation planned for 2006 at an estimated cost of \$30.3 million. The development of JusticeLink was initially delayed as early testing showed that the software could not meet all the functional and performance needs across each court jurisdiction. It is now expected that the JusticeLink project will be completed in 2008.

JusticeLink applications already in operation include Supreme Court applications for:

- eServices for the Corporations and Possessions Lists
- cost assessments, and
- crime, which was implemented in August 2007.

District Court crime is due to be delivered by February 2008 and Supreme and District Court civil matters and all applications for the Local Court are scheduled for implementation by July 2008.

The Department advised that JusticeLink and associated reform processes have resulted in many business improvements, such as a streamlining of court forms (from approximately 700 down to less than 100) and the re-engineering of business processes.

While the original contract price of the project has not varied, the Department is currently involved in contract negotiations with the software developer for the remaining stages of the project. The negotiations are expected to include a rebate from the developer for functionality that is no longer required. The total capital cost for the project is now estimated at \$48.2 million, with \$8.1 million in recurrent expenditure.

Parramatta Justice Precinct (PJP)

This project will provide new justice infrastructure to the Western Sydney community.

The precinct includes three key buildings: a Children's Court which became operational in November 2006, the Justice Precinct Offices which will be occupied in November 2007 and the Sydney West Trial Courts which will be operational in early 2008.

The entire project is significantly ahead of the contracted completion date of August 2008 and the cost as approved at the time of tender will remain as \$330 million. Total expenditure to 30 June 2007 was \$237 million, including expenditure by the Department of Commerce.

FINANCIAL INFORMATION

Abridged Operating Statement

Year ended 30 June	Consolidated		Parent	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Employee related	<i>406,410</i>	373,243	<i>406,410</i>	373,243
Other expenses	<i>263,430</i>	274,010	<i>261,500</i>	269,097
TOTAL EXPENSES	<i>669,840</i>	647,253	<i>667,910</i>	642,340
TOTAL REVENUE	<i>206,662</i>	214,930	<i>205,697</i>	211,633
Other losses	<i>17,689</i>	3,472	<i>17,765</i>	3,480
NET COST OF SERVICES	<i>480,943</i>	435,803	<i>479,902</i>	434,179
Government contributions	<i>565,112</i>	522,326	<i>558,361</i>	515,883
SURPLUS	<i>84,169</i>	86,523	<i>78,459</i>	81,704

Abridged Balance Sheet

At 30 June	Parent		Consolidated	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current assets	81,379	83,609	100,228	96,109
Non-current assets	1,067,111	984,208	1,074,816	989,896
TOTAL ASSETS	1,148,490	1,067,817	1,175,043	1,086,005
Current liabilities	100,323	96,767	101,600	97,876
Non-current liabilities	46,379	44,815	46,379	42,327
TOTAL LIABILITIES	146,702	141,582	147,978	140,203
NET ASSETS	1,001,788	926,235	1,027,065	945,802

Total assets increased mainly due to the construction of Parramatta Justice Precinct (PJP).

Abridged Program Statement

Year End 30 June	2007		2006	
	Revenue \$'000	Expenses \$'000	Net Cost of Services \$'000	Net Cost of Services \$'000
Supreme court	54,326	32,176	7,601	19,677
District court	21,497	66,849	45,317	43,073
Local courts	37,685	184,492	154,675	133,503
Justice support services	6,298	379	80,272	78,199
Human rights services	8,663	88,033	89,227	76,378
Other	78,193	181,911	103,851	84,973
Total all programs	206,662	669,840	480,943	435,803

ASSOCIATED ENTITIES

Reporting by the Sutors Fund and the Victims Compensation Fund Corporation

NSW Treasury is reviewing whether corporations such as the Sutors Fund and the Victims Compensation Fund Corporation are required to prepare financial reports under the *Public Finance and Audit Act 1983*. At this stage this review is incomplete.

The transactions of the Victims Compensation Fund Corporation are currently included in the Department's financial report, however it is our opinion that accountability could be improved by preparing a separate financial report for the Victims Compensation Fund Corporation.

Victims Compensation Payments

From the inception of the compensation scheme in 1988 to 30 June 2007, the Corporation has paid \$1.2 billion in awards of compensation. In 2006-07:

- the Corporation received 5,636 claims for compensation (5,054 in 2005-06) and the Victims Compensation Tribunal determined 4,492 claims (5,342)
- compensation payments totalled \$64.3 million. Average claim payment increased from \$10,783 in 2005-06 to \$12,935 in 2006-07
- there were 7,297 (6,246) claims pending at year-end. The Corporation estimates that 4,743 (3,685) of these claims will result in an award and expects the cost to be \$94.4 million (\$67.4 million)
- the Corporation received 587 appeals against compensation awards. The Tribunal determined 648 appeals.

The Tribunal may award up to \$50,000 compensation for each act of violence. It may also award up to \$10,000 compensation for financial loss. However the maximum compensation cannot exceed \$50,000.

Restitution

Victims compensation is paid to victims of violent crime irrespective of whether there is a known offender or if that offender is convicted of the offence that caused the injury to the victim. Statistics show that restitution action can only be taken in approximately 50 per cent of cases where an award of compensation was paid to a victim.

Offenders convicted of relevant offences where an award of compensation has been paid to a victim are required to pay restitution. Convicted offenders must also pay a compensation levy into the Victims Compensation Fund. The State Debt Recovery Office is responsible for the recovery of compensation levy debts.

Many convicted offenders against whom restitution action is commenced are difficult to locate and come from low socio-economic backgrounds, with no or few assets. Many of these offenders also spend time in prison, which further affects their capacity to become gainfully employed, earn an income and accumulate assets. Many offenders are also unemployed and on one or other form of social security payment, live in State provided or funded housing and have dependants. The recovery of restitution, therefore, also impacts on their dependants. Recovering restitution from these offenders is therefore challenging.

The amount of restitution payable by an offender may be reduced by the Tribunal or the Director, Victims Services under the provisions of the *Victims Support and Rehabilitation Act 1996* (the VSR Act). The effect of the above provisions has seen the amount provisionally ordered against offenders reduced by an average of 30 per cent. The amount of restitution recoverable from offenders is mostly paid in small monthly instalments over a lengthy period of time.

Enforcement action may be taken against offenders who default on their restitution payment under the provisions of the *Civil Procedure Act 2005*, however this enforcement action needs to be cost effective. Victims Services engaged an external agency to review enforcement opportunities against offenders and this review confirmed the difficulty of recovering restitution from offenders and suggested some strategies that are under review by Victims Services.

The VSR Act also provides for restitution orders to be registered against the offender's property. Whilst there are limited opportunities for such action it is cost effective. Orders amounting to \$2.4 million have already been registered and have recovered over \$526,000.

From the inception of the compensation scheme in 1988 to 30 June 2007, the Corporation has:

- raised \$339 million in restitution debts
- recovered \$38.5 million
- written off \$17.7 million.

The financial impacts of this situation at 30 June 2007 are:

- \$3.6 million was recovered from offenders
- \$252 million of the \$270 million restitution debts does not meet the recognised debt criteria
- the Corporation wrote off \$1.4 million of restitution debts, largely due to the death or bankruptcy of the defendants.

Up to 30 June 2006, debts were recognised on the basis of the nature and type of restitution debts. During the year ended 30 June 2007, further refinements were made to the asset recognition process whereby debts are now recognised on the basis of average receipts for the five-year period ended 30 June 2007. This has resulted in a reduction of recognised debt by \$9.8 million. At 30 June 2007, debts amounting to \$17.6 million are recognised for reporting purposes (\$27.3 million).

CORPORATION ACTIVITIES

The Victims Compensation Fund Corporation operates under the *Victims Support and Rehabilitation Act 1996* and compensates and supports victims of crime and seeks to obtain restitution from offenders. This Act also constitutes the Victims Compensation Tribunal to determine appeals from decisions of compensation assessors and to determine restitution proceedings against offenders.

Various amendment Acts since the *Victims Compensation Act 1987* (the original legislation) have changed the eligibility criteria for compensation and the various types and amounts of compensation available.

For further information on the Fund, refer to www.lawlink.nsw.gov.au/vs.

DEPARTMENT ACTIVITIES

The Department has a critical role in justice, human rights and community safety.

The Department aims to resolve civil disputes and criminal matters and coordinate legal services for New South Wales. The Department supports the Attorney General as the first Law Officer of the Crown in developing legislation and providing information to Parliament.

Services include the provision of courts and tribunals, legal professional services, alternative dispute resolution, criminal diversion and crime prevention programs; and counselling for the victims of violent crime.

The Department's principal business is the provision of Court and Tribunal services. The main jurisdictions are the Local, District and Supreme Courts which deal with criminal matters and resolve civil disputes. There are also specialist jurisdictions that deal with industrial relations, claims for dust diseases, land and environment, and the review of administrative decisions.

The Department undertakes research and provides information to assist the Government in formulating and initiating policies and legislative reform. In particular, the Department is working on programs to address the high representation of Aboriginal people in court processes and to reduce the impacts on sexual assault victims and mental health patients and on their carers.

The Department administers the legal profession through the admission of legal professionals, promotion of professional and ethical standards and management of complaints.

Other services delivered to the people of New South Wales include: guardianship and financial services for people with disabilities; maintaining records of New South Wales life events; the provision of trustee services; and the provision of legal services to the New South Wales public sector.

Services and programs aim to achieve justice and equality, community confidence and satisfied clients.

For further information on the Department, refer to www.lawlink.nsw.gov.au.

Legal Aid Commission of New South Wales

AUDIT OPINION

The audits of the Commission and its controlled entities' financial reports for the year ended 30 June 2007 resulted in unqualified Independent Auditor's Reports.

Unless otherwise stated, the following commentary relates to the consolidated entity.

PERFORMANCE INFORMATION

The Commission provided the following information regarding its performance.

The table below shows the percentage of applications refused legal aid compared with the total applications for the Commission's main programs.

Year ended 30 June	Percentage of Applications Refused				
	2003	2004	2005	2006	2007
Criminal law program	9.6	8.1	7.3	7.2	<i>6.6</i>
Family law program	24.1	22.8	27.1	23.9	<i>21.5</i>
Civil law program	45.8	44.1	42.0	37.4	<i>36.3</i>

The Commission advised it was again able to enhance the means test so that a wider group of financially disadvantaged members of the community will be eligible for legal aid. The number of applicants who qualified for grant of legal aid was 61,207 (56,821 in 2005-06), a 7.7 per cent increase.

The Commission provides services such as case grants, duty appearances, legal advice, information services and community legal education. It works in partnership with private practitioners who receive funding from the Commission to represent legally aided clients. In 2006-07, private practitioners represented 45.8 per cent of all Commission clients (45.2 per cent). The table below shows total client services by law type over the past five years.

Year ended 30 June	Client Services				
	2003	2004	2005	2006	2007
Criminal law program	178,325	175,891	190,706	227,698	<i>265,660</i>
Family law program	83,229	80,026	100,895	131,727	<i>163,329</i>
Civil law program	98,806	99,530	112,767	142,483	<i>162,736</i>
Total	360,360	355,447	404,368	501,908	<i>591,725</i>

The Commission advised us the increase in the number of legal services provided over the past five years largely related to high volume low cost information activities.

OTHER INFORMATION

We identified some opportunities for improvement to accounting and internal control procedures. We will discuss these with Commission staff and, where appropriate, report them to management.

Major Project

The Commission is developing a new grants management system jointly with Victoria Legal Aid. The system will allow the Commission to automate processing of applications and invoices for practitioners' fees. The new system will be constructed during 2007-08.

FINANCIAL INFORMATION

Abridged Operating Statements

Year ended 30 June	Consolidated		Commission	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Employee related	55,085	44,363	--	--
Personnel services	--	--	55,085	44,363
Other expenses	107,860	95,560	107,860	95,560
TOTAL EXPENSES	162,945	139,923	162,945	139,923
 TOTAL REVENUE	 99,206	 85,643	 99,206	 85,643
 NET COST OF SERVICES	 63,739	 54,280	 63,739	 54,280
 Government contributions	 90,367	 82,883	 90,367	 82,833
 SURPLUS	 26,628	 28,603	 26,628	 28,603

Employee related expenses include a \$7.2 million (\$12.1 million) superannuation adjustment to recognise the Commission's improved funding position for the defined benefits superannuation schemes (from a \$2.5 million to a \$9.7 million surplus).

Other expenses rose largely due to an increase in average hourly rates of private practitioners and higher activity levels.

Revenue rose, mainly due to increased grants from the Law Society's Public Purpose Fund.

Abridged Balance Sheets

At 30 June	Consolidated		Commission	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current assets	87,261	60,503	87,261	60,503
Non-current assets	14,418	14,047	14,418	14,047
TOTAL ASSETS	101,679	74,550	101,679	74,550
Current liabilities	38,256	36,943	38,256	36,943
Non-current liabilities	2,986	3,798	2,986	3,798
TOTAL LIABILITIES	41,242	40,741	41,242	40,741
NET ASSETS	60,437	33,809	60,437	33,809

Current assets reflect the \$7.2 million superannuation adjustment and a \$19.4 million increase in cash and cash equivalents.

Abridged Program Statement

Year ended 30 June	2007		2006	
	Revenues \$'000	Expenses \$'000	Net Cost of Services \$'000	Net Cost of Services \$'000
Family law	42,790	52,385	9,595	4,440
Criminal law	37,089	79,088	41,999	39,580
Civil law	11,834	15,352	3,518	1,999
Community legal services	7,493	16,120	8,627	8,261
Total all programs	99,206	162,945	63,739	54,280

COMMISSION ACTIVITIES

The Commission is primarily responsible for providing legal aid and other legal services in accordance with the *Legal Aid Commission Act 1979*. Legal aid services are provided by the Commission's officers or by private legal practitioners. A means test applies to most applications for assistance while some are also subject to a legal merit test. A legally assisted person may be required to make an initial contribution towards the Commission's costs and, if successful in a civil action, to meet the balance of any costs from moneys recovered.

For further information on the Commission, refer to www.legalaid.nsw.gov.au.

CONTROLLED ENTITIES

The following controlled entities have not been reported separately on as they are not considered material by their size or the nature of their operations to the consolidated entity.

Entity Name
Legal Aid Temporary Staff Division Office of the Legal Aid Commission

Office of the Director of Public Prosecutions

AUDIT OPINION

The audit of the Office's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

PERFORMANCE INFORMATION

The Office conducts all indictable and some summary prosecutions referred by the Police. It provided the following information regarding its performance.

Year ended 30 June	2004	2005	2006	2007
Number of trials registered and completed at 30 June				
Supreme Court				
Matters registered	122	75	79	93
Matters completed	95	103	65	78
District Court				
Trials registered	2,351	2,060	1,820	1,755
Trials completed	2,153	1,973	1,815	1,637
Local Court				
Committals registered	5,944	5,721	5,473	5,541
Committals completed	6,487	6,036	5,798	5,758
Year ended 30 June	2004	2005	2006	2007
Number of matters not finalised at 30 June				
Supreme Court				
Trials	131	96	102	112
Sentences	4	2	2	8
CCA appeals	220	172	161	152
District Court				
Trials	1,988	2,015	1,801	1,741
Sentences	857	798	766	798
All grounds appeals	506	574	548	513
Severity appeals	833	930	861	980
Leniency appeals	34	27	15	11
Local Court				
Committals	2,709	2,587	2,721	2,707
Advisings	88	87	76	67

OTHER INFORMATION

We identified some opportunities for improvement to accounting and internal procedures. We will further discuss these with Office staff and where appropriate report them to management.

FINANCIAL INFORMATION

Year ended 30 June	2007 \$'000	2006 \$'000
Employee related expenses	74,886	73,587
Other expenses	20,571	19,883
Revenue	807	642
Net cost of services	94,650	92,828
Government contributions	92,875	94,470
Net assets (at 30 June)	8,909	10,684

OFFICE ACTIVITIES

The Office was constituted under the *Director of Public Prosecutions Act 1986*. The principal functions and responsibilities of the Director of Public Prosecutions are to institute and conduct, on behalf of the State, prosecutions for indictable offences in the District and Supreme Courts and to appear as appellant or respondent in criminal appeals.

For further information on the Office refer to www.odpp.nsw.gov.au.

Office of the Protective Commissioner and Public Guardian

AUDIT OPINION

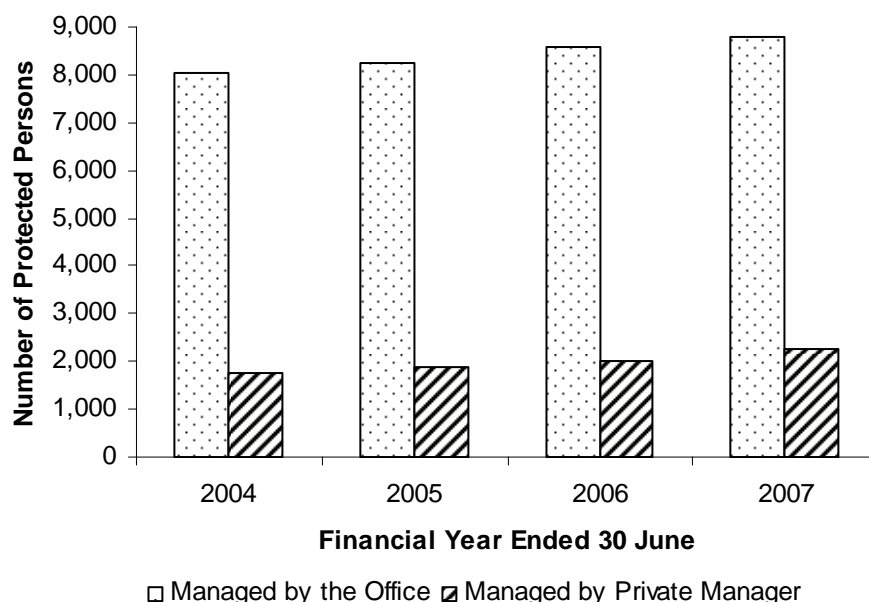
The audit of the Office's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

PERFORMANCE INFORMATION

Number of Clients

The Office manages the affairs of protected persons or authorises and directs the activities of private managers.

Protected Persons Managed by the Office/Private Managers



FINANCIAL INFORMATION

Abridged Income Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Fees	24,285	20,768
NSW government contributions	14,183	14,361
Other revenue	1,404	1,052
TOTAL REVENUE	39,872	36,181
Personnel services	24,463	20,556
Other expenses	10,069	10,407
TOTAL EXPENSES	34,532	30,963
SURPLUS	5,340	5,218

The increase in fees is mainly due to investment fees of \$2.5 million not charged to clients in 2006, as a result of a favourable investment climate locally and overseas.

The increase in personnel services' expenses reflects increased employee related costs, resulting from an operational restructure and movements in defined benefit superannuation balances.

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Current assets	21,580	19,468
Non-current assets	7,276	8,457
TOTAL ASSETS	28,856	27,925
Current liabilities	3,528	7,773
Non-current liabilities	24	188
TOTAL LIABILITIES	3,552	7,961
NET ASSETS	25,304	19,964

Current liabilities decreased following the payment of \$3.8 million in long-service leave liabilities to the Crown.

OTHER INFORMATION

We identified opportunities for accounting and internal control procedures and have reported them to management.

Common Fund

The Common Fund consists of funds received by the Protective Commissioner from the estates of protected persons. We anticipate reporting on our audit of the Office of the Protective Commissioner – Common Fund’s financial report early in 2008.

A number of significant control deficiencies have been identified in the payment of client expenses following a restructure of the Office. The Office commissioned a post-implementation review of the restructure and other internal audit reviews, and is taking action to implement the recommendations.

AGENCY ACTIVITIES

The Protective Commissioner is a statutory officer under the *Protected Estates Act 1983* who:

- manages the affairs of those persons who are not able to manage their own affairs and whose affairs have been formally committed to management by order under the Act, and
- authorises and directs the performance and duties of private managers appointed by the Supreme Court or the Guardianship Tribunal.

The *Protected Estates Act 1983* outlines how the Protective Commissioner should manage the estates of protected persons. The main principles for all monies in the trust fund (Common Fund) are:

- the funds are to be invested in accordance with the *Trustee Act 1925*
- to maintain one or more investment funds and a reserve fund
- money in an investment fund may be used to purchase investments, make payments to the reserve fund, make payments for the operation of the Office or make periodic payments to clients’ accounts
- any income from an investment fund is to be divided equally amongst clients’ accounts
- any capital profit or loss is to be divided equally amongst clients’ accounts.

For all other property (client assets external to the Common Fund) the *Protected Estates Act 1983* requires the Protective Commissioner:

- to exercise all functions necessary and incidental to the management and care of such property
- to perform other functions as the Court may direct or authorise.

The Protective Commissioner is also the Public Guardian under the *Guardianship Act 1987*. The Office of the Public Guardian makes personal lifestyle decisions on behalf of adults who have a decision-making disability. Decisions are made in such areas as accommodation, services and consenting to medical and dental treatment. The Public Guardian also provides support to private guardians.

The Office is controlled by the Attorney General’s Department. The Protective Commissioner reports administratively to the Attorney General via the Director-General.

For further information on the Office, see www.lawlink.nsw.gov.au/opc and www.lawlink.nsw.gov.au/opg respectively.

Public Trustee NSW

AUDIT OPINION

The audit of the Public Trustee's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

KEY ISSUES

We recommend that the Public Trustee in conjunction with NSW Treasury examine the reporting structure of the Public Trustee to ensure that it reflects current legislative and accounting standard requirements.

In 1987 NSW Treasury granted a permanent exemption to the Public Trustee Office from consolidating the Common Fund in its financial report. NSW Treasury requested the Audit Office to conduct an audit of the general purpose financial report of the Common Fund under section 27B(3) of the *Public Finance and Audit Act 1983* in 2004.

In our audit of the Public Trustee for 2007 we noted some indicators that the Public Trustee may control the Common Fund in terms of Australian Accounting Standards. If this is the case the Public Trustee should prepare a consolidated financial report.

This issue has the potential to significantly impact the Public Trustee's financial report and accountability generally as the Common Fund has assets of approximately \$1.2 billion.

We recommend that the Public Trustee and NSW Treasury review and if necessary amend the legislation governing the Interest Suspense Account maintained by the Public Trustee to resolve concerns over the Public Trustee's rights and obligations relating to funds held in the Account.

Funds of \$69.3 million have accumulated in the Interest Suspense Account of the Common Fund which is held by the Public Trustee under the *Public Trustee Act 1913*. There has been debate for a number of years regarding the Public Trustee's rights and obligations relating to these funds and it may require legislative amendments to resolve this issue.

We recommend the Public Trustee finalise financial reports for the Common Fund for 2005-06 and 2006-07.

The financial reports for 2005-06 and 2006-07 for the Common Fund have not been finalised. We raised some issues with management regarding how the Common Fund should present its financial statements and these issues have not been fully resolved. The appropriate structure and content of the financial report for the Common Fund has been the subject of much debate. The Public Trustee has advised that it wishes to ensure the issues are properly resolved before finalising the reports.

The Public Trustee provides clients whose funds are held in the Common Fund with individual tailored reports, either at the end of the administration or more regularly for some clients. This can depend on the category of client and whether they are long or short term.

PERFORMANCE INFORMATION

The Public Trustee provided the following information regarding its performance:

The volume and value of the Office's operations were:

Year ended 30 June	Volume		Value (\$m)	
	2006	2007	2006	2007
Estates	1,830	<i>1,807</i>	493.8	<i>496.6</i>
Trusts	844	<i>857</i>	58.3	<i>56.2</i>
Powers of attorney	136	<i>105</i>	40.0	<i>39.5</i>
Wills	10,984	<i>11,513</i>	na	<i>na</i>

Source: Public Trustee Annual Report 2007.
na: not applicable.

The volume of Estates, Trusts, Powers of Attorney and Wills has fluctuated marginally from 2005-06. The number of Wills increased due to an increased number of Will Days conducted during the year.

Key Performance Indicators

The Office uses a number of indicators to assess if it is meeting client needs, including:

Year ended 30 June	Actual		
	2005	2006	2007
Customer satisfaction Index (%)	81	77	<i>73</i>
Process improvement satisfaction index (%)	75	70	<i>66</i>
No of complaints received	125	84	<i>84</i>
No of complaints requiring corrective action	33	24	<i>26</i>

Source: Public Trustee Annual Report 2007.

The Customer Satisfaction Index (CSI) and Process Improvement Satisfaction Index (PISI) continued to decline in 2006-07. The Office advised us this was primarily due to the poor performance of two of the 19 branches across the State. Excluding these two branches the CSI and PISI would have been 76 per cent and 70 per cent respectively. Areas where performance did not rate as well overall are targeted for improvement in 2007-08.

FINANCIAL INFORMATION

Abridged Income Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Fees and commissions	31,715	30,463
Investment revenue	6,140	6,679
Other revenue	510	580
TOTAL REVENUE	38,365	37,722
Personnel services and employee related expenses	13,141	7,012
Other expenses	795	8,414
TOTAL EXPENSES	21,936	15,426
PROFIT BEFORE TAX	16,429	22,368
Income tax equivalent	2,733	1,491
PROFIT AFTER TAX	13,696	20,877

Personnel services and employee related expenses increased by \$6.1 million primarily due to movements in personnel services liabilities. In 2006-07 the actuarially assessed superannuation liability decreased by \$6.5 million, compared to a decrease of \$11.4 million in 2005-06.

The Office has declared a dividend of \$4.5 million (\$2.4 million) which is payable to the Consolidated Fund.

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Current assets	4,345	5,313
Non-current assets	74,128	70,019
TOTAL ASSETS	78,473	75,332
Current liabilities	11,918	13,305
Non-current liabilities	2,430	8,588
TOTAL LIABILITIES	14,348	21,893
NET ASSETS	61,125	53,439

Non-current assets increased by \$4.1 million and non-current liabilities decreased by \$6.2 million primarily due to the change in the actuarially assessed superannuation balances.

TRUSTEE ACTIVITIES

Under the *Public Trustee Act 1913*, the Public Trustee may act as a trustee; as an executor or administrator; as collector of estates under an order to collect; as an agent or attorney; as manager of the estate of a protected person; as guardian or receiver of the estate of a minor; and as a receiver of any other property.

The Public Trustee has four core businesses:

- will making
- estate administration
- trusts
- power of attorney services.

Clients are provided with the following services:

- funds management
- taxation
- legal counsel
- property conveyancing
- securities.

The Public Trustee is also the Commissioner of Dormant Funds under the *Dormant Funds Act 1942*. This involves the investigation and disposal of unused funds acquired by trustees for charitable or other public purposes.

For further information on the Public Trustee refer to www.pt.nsw.gov.au.

Minister for Ageing Minister for Disability Services

Department of Ageing, Disability and Home Care

Home Care Service of New South Wales

Department of Ageing, Disability and Home Care

AUDIT OPINION

The audits of the Department and its controlled entity's financial reports for the year ended 30 June 2007 resulted in unqualified Independent Auditor's Reports.

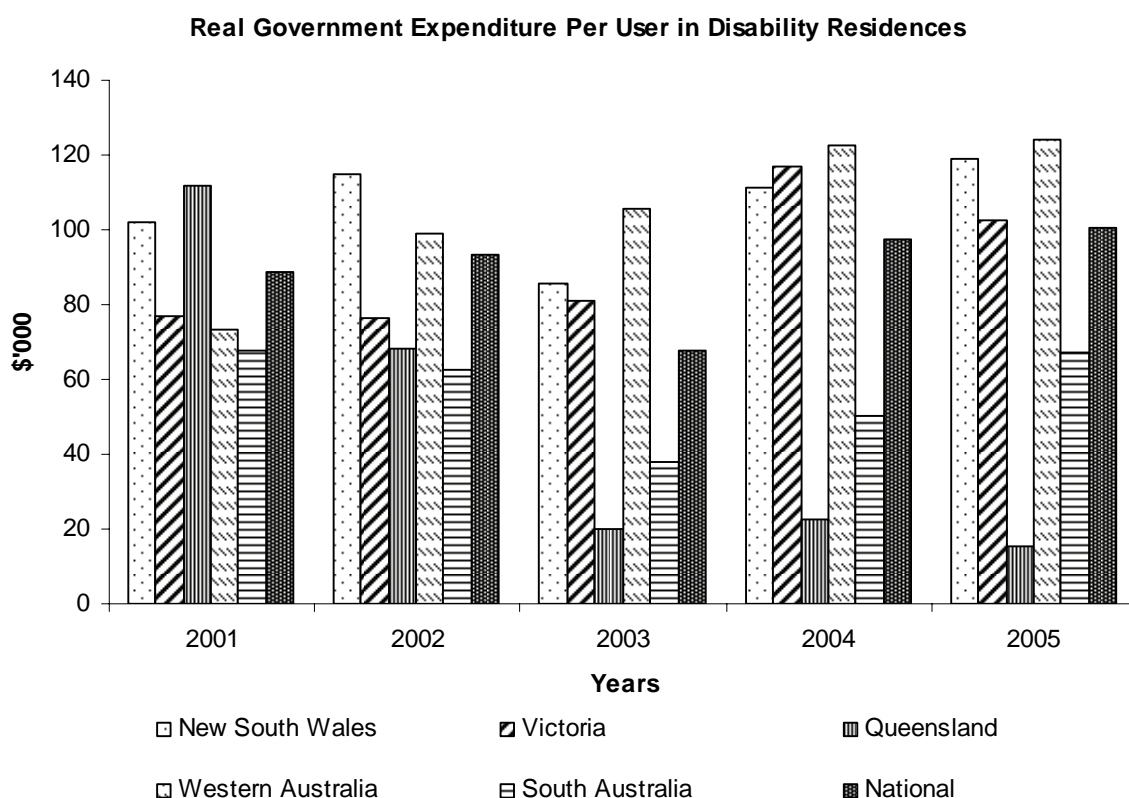
Unless otherwise stated, the following commentary relates to the consolidated entity.

PERFORMANCE INFORMATION

The Productivity Commission's Report on Government Services 2007 publishes data on services for people with a disability. We compared data from 2000-01 to 2004-05 (this data being the latest available) on government expenditure for accommodation provided under the Commonwealth, State and Territory Disability Agreement.

Cost per User of Government Provided Accommodation in Disability Residences

The graph below shows this expenditure for each jurisdiction for the five years ending 2004-05.



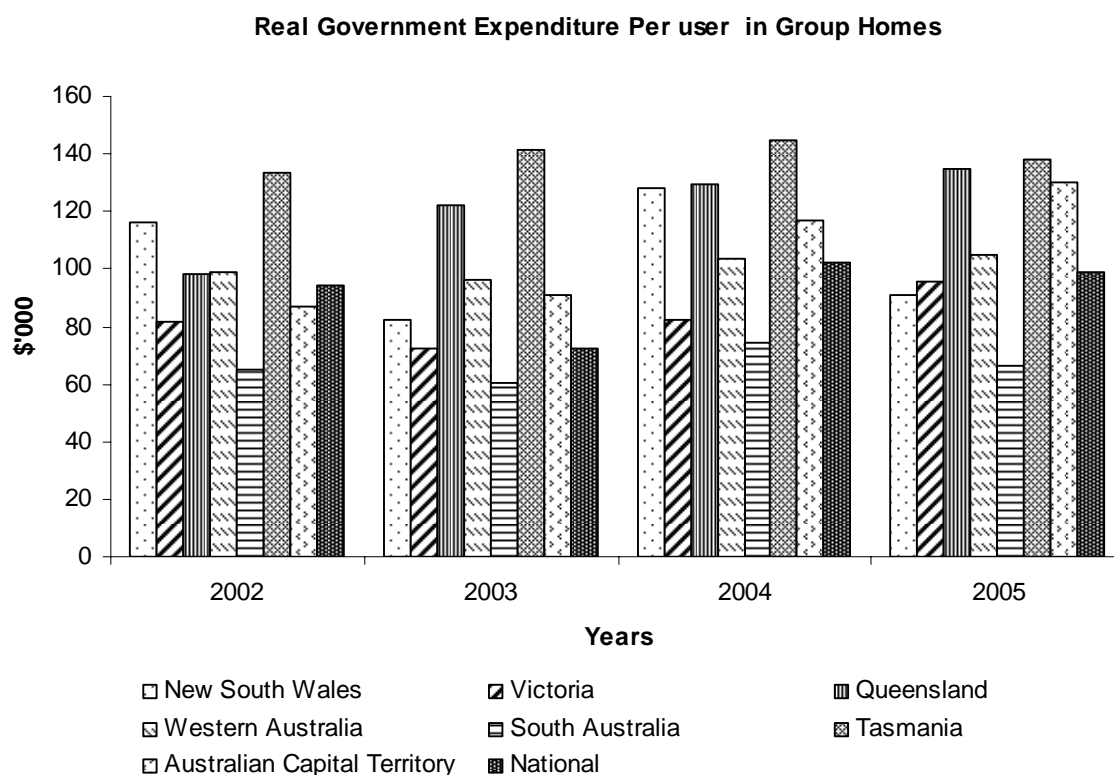
Source: Productivity Commission's Report on Government Services 2007, 2006 and 2005.

* No figures were available for Tasmania, Australian Capital Territory or Northern Territory.

In New South Wales, the cost of accommodation per user in disability residences has been above the national average for the past five years. It has significantly increased from \$85,000 in 2002-03 to \$119,000 in 2004-05. New South Wales also had the second highest cost per user in 2004-05, when compared to other jurisdictions. The Productivity Commission notes that the reliability of the New South Wales' data is affected by low and varied response rates from service providers. This has led to the under reporting of service user numbers and comparability of the data.

Cost per User of Government Provided Accommodation in Disability Group Homes

The graph below shows expenditure for each jurisdiction from 2001-02 to 2004-05 for group homes.



Source: Productivity Commission's Report on Government Services 2007, 2006 and 2005.

* No figures were available for Northern Territory.

In 2004-05, the cost of accommodation support services per user in group homes was below the national average for the first time in four years. South Australia's spending was the lowest of all jurisdictions, \$67,000 followed by New South Wales' \$91,000. While the level of spending has increased since 2001-02 in most jurisdictions, New South Wales' expenditure decreased from \$116,000 in 2001-02 to \$91,000 in 2004-05. The Productivity Commission, however, has noted that low and varied response rates in New South Wales has led to underreporting of service user numbers since 2002-03. The Department considers that comparisons should be treated with caution, because of changed methodologies in data collection; varied data submission rates; and variable data quality over time and across jurisdictions.

Services Provided by the Department

The Department's primary role is to assist older people, and people with a disability and their carers to participate in community life. The Department is both a purchaser and provider of services and shares responsibility for clients with a number of other Government agencies that deliver services in areas such as health care, transport, family and children's services and housing. In 2006-07 the Department delivered its services under two programs:

- supported accommodation
- community support.

Supported Accommodation

The program provides accommodation and intensive support services to people with a disability who are unable to remain in their own home. Accommodation includes large residences, group homes and hostels. The program is funded under the Commonwealth/State Disability Agreement. Services are provided directly by the Department or through non-government organisations funded by the Department.

The table below provides some statistics relating to clients in supported accommodation and intensive support programs.

Year ended 30 June	2005	2006	2007
Number of supported accommodation places	5,685	5,949	5,824
Number of supported accommodation places provided by the Department	2,532	2,544	2,585
Number of supported accommodation places provided by non-government organisations	3,153	3,405	3,239
Total expenses incurred on supported accommodation (\$'000)	730,332	751,064	921,182

Source: Departmental statistics (unaudited).

The total number of supported accommodation places decreased slightly in 2006-07. This was mainly due to the reduction of 166 places provided by non-government organisations. The decrease, however, was partly offset by an increase of 41 in the number of places provided by the Department. The Department advised the number of supported accommodation places may be unreliable because of data limitations. Non-government organisations are required to report on a quarterly basis to the Department the number of places they have. The quality of data returns, however, varies considerably between non-government organisations and also by quarter. The Department has indicated that it is working towards improving data quality, as well as response rates.

In 2006-07, total expenditure incurred under the program increased by 22.7 per cent on the prior year. The Department advised this was due to increased funding to improve the quality of existing facilities, including grants to non-government organisations to improve their facilities.

Community Support

This program provides services and support to enable older people and people with a disability to continue to live in their own home, and to participate in community life. Funding is from the Home and Community Care (HACC) program, which is a joint Commonwealth/State program aimed at minimising inappropriate admissions to permanent residential care. The program is also funded from the Commonwealth/State Disability Agreement. In New South Wales, HACC funds a large number of services. The typical HACC client receives a low volume of service compared to intensive care services, and client needs are diverse, resulting in low economies of scale.

The Department provided the following information relating to HACC services.

Year ended 30 June	2004	2005	2006	2007
Number of HACC services	1,487	1,487	1,822	<i>1,822</i>
Number of HACC services validated (i)	1,164	1,237	327	<i>335</i>
Total expenses incurred on Community Support (\$'000)	629,460	683,220	786,735	<i>851,861</i>

Source: Departmental statistics (unaudited).

(i) In 2004 and 2005 services were validated against national HACC standards. In 2006 and 2007 validation was against the Department's Integrated Monitoring Framework.

The Home Care Service of NSW, the NSW Department of Health, the Ministry of Transport, local government and non-government service providers deliver HACC services. In 2006-07 Home Care received approximately 36 per cent (37 per cent in 2005-06) of HACC monies.

Total expenditure incurred under the program in 2006-07 increased by 8.3 per cent on the prior year. The Department advised this was due to increased services provided for the post school options program, respite, therapy services and family assistance programs.

Devolution

In the past we reported that the Department is transferring people with a disability from large residential centres to community based accommodation services. In 2006-07 the Department relocated 15 (46) people. This strategy has resulted in the closure of 11 large residential centres, including three operated by non-government organisations. In 2006-07, 33 large residential centres remain open, of which 10 are operated by the Department and 23 by non-government organisations.

Only in exceptional circumstances has a large residential centre accepted new clients over the past few years. In 2006-07, there were nine temporary admissions, two of whom have since been accepted as permanent residents.

OTHER INFORMATION

We identified a number of opportunities for the Department to improve accounting and internal control procedures. These include:

Grants Acquittals

Last year we reported to the Department that its grants acquittals process was not structured, and there were backlogs. To reduce the backlog, the Department had reconsidered the previous practice of undertaking independent audits on all service provider financial statements. Audits were to be limited to a number of large, more complex providers with identified risk or history, and also to investigate queries and appeals.

The Department advised that a formal risk management approach would be approved and implemented in 2006-07 to address this issue. We found however that this has not been implemented. Instead, independent audits would be conducted on the 2004-05 acquittals backlog, for high risk providers. Independent auditors would also be engaged to assist the acquittals team in basic processing of 2005-06 acquittals.

Supporting Documentation for Payment Vouchers

Approvals to incur expenditure were not always attached in support of payments prior to being sent to the Department's service provider for processing. The absence of such approvals means: the Department cannot be sure that there is a proper authority to incur the expenditure; relevant quotes are obtained where applicable; that purchases are made from a contracted New South Wales' Government supplier; and that amounts on the invoices match to quotes.

Stronger Together Strategy

In 2006-07, the New South Wales' Government released a ten year strategy 'Stronger Together: A new direction for disability services'. Stronger Together will provide more assistance for people with disabilities to live in their own home, and increase the range of specialist accommodation services for those unable to live at home.

The New South Wales' Government has committed around \$1.3 billion in new funding over the next five years to support the ten-year plan. Commentary on the amount of funding allocated in 2006-07 to each area of effort recognised under the Strategy, and the amounts expended by the Department are provided below.

Strengthening Families

An allocation of \$83.0 million is to be provided over five years, to strengthen families by enabling children with disabilities to grow up in a family, and to participate in the community. In 2006-07 the Department spent \$6.2 million. The funds also contributed towards the increase in therapy and respite places, and intensive family support services which benefited 1,800 families.

Community Inclusion

The Department will receive \$1.0 billion over five years to support adults with disabilities to live in and be part of the community. In 2006-07 the Department spent \$84.1 million from this funding. Some of the outcomes achieved included: an increase in therapy and respite places; 95 new attendant care places; an increase in the number of support days provided for people in community programs; an increase in supported accommodation capacity by 200 places; and 750 new school leavers placed in community work programs.

Improving Services

An allocation of \$242 million will be provided over five years to improve services for the disabled, by providing fairer and clearer ways to access services and provide more opportunities for innovation. In 2006-07 the Department spent \$58.7 million refurbishing 60 group homes and respite centres; completing the Liverpool Respite Centre; and funding around 100 organisations to address viability issues, including such matters as replacing unsafe premises and vehicles.

Underspending on the Home and Community Care (HACC) Program

Last year we reported the level of underspending by the Department on the HACC program. In 2006-07, the Department again underspent, by \$10.8 million, compared to \$7.5 million in 2005-06 and \$35.8 million in 2004-05. The Department advised the underspending in 2006-07 was primarily due to one-off funding of \$27.0 million towards the HACC Capital Strategy. The three-year strategy involves the planning, contracting and construction of new capital facilities. Underspending in the past has been due in part to late approval by the Commonwealth of the HACC State Plan.

High Needs Children

In the 2005-06 Budget, the Government provided funding of \$110 million over four years to provide places for high needs children transferring from the Department of Community Services, and for transfers from other agencies. As at 30 June 2007, 120 young people in the formal care of the Minister for Community Services have been transferred to the Department. In addition, there were a number of young people who were placed directly in the Department's services as opposed to being formally transferred. The Department advised that it does not have a consolidated figure of the number of young people in these circumstances.

Advance Payments to NSW Businesslink

In 2006-07 the Department entered into a shared services agreement with Businesslink for contracted services relating to office leases, office fitout, preventative and planned maintenance and minor works. Under the agreement the Department agreed to pay an advance of 8.25 per cent of the agreed value of the services to NSW Businesslink, for Businesslink's cash flow purposes. The advance of \$2.3 million was recorded by the Department as a prepayment in its financial report.

We requested the Department seek advice from Treasury to confirm whether this arrangement accords with the *Public Authorities (Financial Arrangements) Act 1987*. That is, whether the advance is a form of loan, for which the Department does not have the required authority under that Act. Treasury confirmed that this arrangement is an operational arrangement, and not a loan.

Doubtful Debts

Last year we reported that high levels of doubtful debts were experienced by the Department. In 2006-07 significant improvements have been made in this area, with doubtful debts of \$994,000 compared to total outstanding debtors of \$15.7 million. During the year the Department wrote off \$141,000 of doubtful debts.

FINANCIAL INFORMATION

The following information relates to the Department's consolidated finances.

Abridged Consolidated Operating Statement

Year ended 30 June	Consolidated		Department	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Employee related	670,883	618,332	516,059	475,491
Grants and subsidies	936,336	770,849	1,095,740	925,415
Other expenses	193,302	162,914	161,244	136,893
TOTAL EXPENSES	1,800,521	1,552,095	1,773,043	1,537,799
TOTAL REVENUE	91,870	83,641	57,833	49,866
Other (losses)/gains	(1,461)	1,107	(969)	1,323
NET COST OF SERVICES	1,710,112	1,467,347	1,716,179	1,486,610
Government contributions	1,741,018	1,574,683	1,741,018	1,574,683
SURPLUS	30,906	107,336	24,839	88,073

The rise in grants and subsidies expenditure was largely due to an increase of \$148 million paid to service providers for disability services and \$23.0 million in HACC services.

Other expenses increased mainly due to higher service provider costs of \$10.2 million; fees for services \$3.4 million; and travel expenses associated with service delivery of \$2.3 million.

Abridged Consolidated Balance Sheet

Year ended 30 June	Consolidated		Department	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current assets	96,558	119,101	54,252	79,747
Non-current assets	577,596	521,193	553,920	502,010
TOTAL ASSETS	674,154	640,294	608,172	581,757
Current liabilities	99,909	94,495	74,304	70,859
Non-current liabilities	7,414	8,139	7,395	7,350
TOTAL LIABILITIES	107,323	102,634	81,699	78,209
NET ASSETS	566,831	537,660	526,473	503,548

The decrease in current assets is largely due to a decrease in cash holdings.

Non-current assets increased, mainly due to the purchase of new group homes, and modifications made to existing homes.

Abridged Program Information

The Department's consolidated net cost of services by program is detailed below.

Program Description	2007			2006
	Revenue \$'000	Expenses \$'000	Net Cost of Services \$'000	Net Cost of Services \$'000
Supported accommodation	36,568	921,182	885,526	717,750
Community support	55,302	879,339	824,586	749,597
Total all programs	91,870	1,800,521	1,710,112	1,467,347

DEPARTMENT ACTIVITIES

The Department provides strategic policy advice, planning, funding, quality assurance, evaluation and monitoring services for older people and people with a disability and their families, as well as providing direct assistance to them and their carers.

The Department is responsible for administrative purposes for the Disability Council of NSW and the Guardianship Tribunal. The Disability Council is the official adviser to the New South Wales' Government on issues affecting people with a disability and their families. The Guardianship Tribunal appoints guardians and financial managers for people 16 years and over who have a disability and are incapable of making their own decisions or managing their own affairs, and who have no other safe or appropriate arrangements in place. Operating transactions and balances at year-end of the Council and the Tribunal are included in the Department's financial report.

For further information on the Department, refer to www.dadhc.nsw.gov.au.

CONTROLLED ENTITY

Home Care Service

Year ended 30 June	2007 \$'000	2006 \$'000
Revenue	199,798	192,534
Expenses	193,731	173,275
Surplus	6,067	19,259
Net assets (at 31 June)	40,358	34,112

The *Home Care Service Act 1988* established the Home Care Service as a corporation. It provides housekeeping, personal care and a range of ancillary services for individuals and families within their own homes. Its operations are conducted through statewide branches and service outlets. It is separately reported on elsewhere in this volume.

For further information on Home Care, refer to www.dadhc.nsw.gov.au.

Home Care Service of New South Wales

AUDIT OPINION

The audits of Home Care and its controlled entity's financial reports for the year ended 30 June 2007 resulted in unqualified Independent Auditor's Reports.

Unless otherwise stated, the following commentary relates to the consolidated entity.

PERFORMANCE INFORMATION

Home Care provided the following information regarding its performance.

Activity Levels

Year ended 30 June	Actual				Target
	2004	2005	2006	2007	2007
Total number of assessments	7,847	6,367	17,906	17,693	17,000
Total hours of service provided ('000s)	4,190	3,613	3,626	3,872	3,954
General housework hours (%)	46	46	48	51	48
Personal care hours (%)	39	38	36	35	38
Respite care hours (%)	12	13	10	12	12
Other care hours (%)	3	3	6	2	2
Total number of clients serviced ('000s)	52	52	53	54	50
Average hours per client per annum	81	69	69	71	79
Direct average staffing (EFT)	2,852	2,727	2,862	2,937	2,711

Source: Home Care Service of New South Wales (unaudited).

The significant increase in the total number of assessments since 2005 was largely due to a shift in service type mix, from personal care to domestic assistance. Home Care advised the decrease in the total number of assessments in 2006-07 was primarily due to a higher number of complex assessments, as well as an increased number of referrals processed. Home Care, however, exceeded its target for the total number of assessments.

In 2006-07, the total hours of service provided increased by 246,000. Home Care advised this was due to improved efficiencies; a higher level of indexation; and some branches increasing capacity to meet unmet demand. This was funded from retained earnings.

Total hours of service provided was slightly below target in 2006-07. This resulted from not meeting targeted hours in the High Needs Pool. While there was a net increase in the number of clients approved in the Pool, there was also a higher than expected increase in the number of clients who left and were replaced.

OTHER INFORMATION

We identified a number of opportunities for Home Care to improve accounting and internal control procedures. Included were:

Doubtful Debts (Repeat Issue)

For the past two years we have reported that Home Care continues to experience high levels of doubtful debts. At 30 June 2007 doubtful debts were \$2.1 million (\$2.4 million in 2005-06) compared to total outstanding debtors of \$6.5 million (\$7.6 million). Continuing high levels of doubtful debts raises questions as to the effectiveness of debt collection and follow up processes. Home Care considers that 'long tail' insurance claims that usually experience longer than normal settlement periods, as well as the nature of its client base, are factors in this area. Management advised that it is reviewing the management of all insurance claims, with a view to Home Care being paid without having to wait for court settlements to be finalised.

Supporting Documentation for Payment Vouchers

Approvals to incur expenditure were not always available. The absence of approvals exposes Home Care to risks of unnecessary and unlawful expenditure.

High Needs Pool

Year ended 30 June	Actual			
	2004	2005	2006	2007
Funds set aside for High Needs Pool (\$'000)	18,500	20,100	20,500	21,200
Number of clients waiting for high needs services	300	327	470	409
Number of new clients approved*	na	68	90	105
Number of clients requiring more than 60 hours of personal care and assistance per four week period	400	376	428	472

Source: Home Care Service of New South Wales (unaudited).

na: not applicable.

* Data is not available for 2004 as the high needs pool closed to new clients in October 2003. The pool re-opened in 2005.

The High Needs Pool sets aside funds for clients requiring more than 15 hours per week of personal care. The guidelines for the pool include a cap on services of 140 hours per four-week period, and intake being determined by priority rather than in chronological order.

Although the number of clients waiting for high needs services has increased by 36.3 per cent since 2004, there was a significant decrease of 61 clients in 2006-07. Home Care advised that this resulted from a review to confirm that clients waiting for high needs services still required services. While Home Care monitors the lapsed time between an individual's assessment and access to pool services, it does not calculate an average waiting time.

FINANCIAL INFORMATION

Abridged Income Statement

The following information relates to Home Care's consolidated finances.

Year ended 30 June	Consolidated		Parent	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
REVENUES				
Government grants and contributions	164,027	159,412	164,027	159,412
Other	35,771	33,122	35,771	33,122
TOTAL REVENUES	199,798	192,534	199,798	192,534
EXPENSES				
Employee related	141,391	131,001	--	93,316
Personnel services	--	--	141,391	37,685
Other expenses	51,848	42,058	51,848	42,058
TOTAL EXPENSES	193,239	173,059	193,239	173,059
Other losses	(492)	(216)	(492)	(216)
SURPLUS	6,067	19,259	6,067	19,259

Other expenses increased due mainly to an increase in administration expenses that rose by \$5.8 million from \$15.9 million.

Abridged Balance Sheet

Year ended 30 June	Consolidated		Parent	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current assets	45,417	40,758	44,873	40,758
Non-current assets	23,676	19,183	20,585	19,183
TOTAL ASSETS	69,093	59,941	65,458	59,941
Current liabilities	26,780	23,264	23,145	23,264
Non-current liabilities	1,955	2,565	1,955	2,565
TOTAL LIABILITIES	28,735	25,829	25,100	25,829
NET ASSETS	40,358	34,112	40,358	34,112

HOME CARE ACTIVITIES

The *Home Care Service Act 1988* established Home Care as a corporation. Home Care provides housekeeping, personal care and a range of ancillary services for individuals and families within their own homes. Its operations are conducted through statewide branches and service outlets. For further information on Home Care, refer to www.dadhc.nsw.gov.au.

CONTROLLED ENTITY

The following controlled entity has not been reported separately on as it is not considered material by its size or the nature of its operations to the consolidated entity.

Entity Name

Home Care Service Division

Minister for Arts

Art Gallery of New South Wales Trust

Australian Museum Trust

Department of the Arts, Sport and Recreation

Historic Houses Trust of New South Wales

Library Council of New South Wales

Sydney Opera House Trust

Trustees of the Museum of Applied Arts and Sciences

Refer to Appendix 1 for:

New South Wales Film and Television Office

Art Gallery of New South Wales Trust

AUDIT OPINION

The audit of the Trust's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

PERFORMANCE INFORMATION

The Trust provided the following information regarding its performance:

Year ended 30 June	2003	2004	2005	2006	2007
Visitor numbers ('000s)	1,130	1,500	1,350	1,690	<i>1,302</i>
Admission fees (\$m)	2.6	3.0	1.6	3.8	<i>1.9</i>
Temporary exhibitions	29	37	35	52	<i>38</i>
Collections					
Total items ('000s)	27	27	28	28	<i>28</i>
Total value (\$m)	596	604	615	629	<i>782*</i>
Acquisitions during the year:					
- dollar value (\$m)	8	8	11	10	<i>8</i>
- number of items	360	488	480	585	<i>442</i>

* Includes revaluation of \$147 million.

Trust staff advised that the exhibition program, which changes every year, is the major driver for visitor numbers. The decrease in visitor numbers and admission fees was attributed to fewer exhibitions in 2007.

The Trust's major acquisitions during the year included: the Fauve painting 'Les voiles blanches à Chatou' by Maurice de Vlaminck, 'Matisse at Ashford' by Jeffrey Smart, 'Crater with revenant' by James Gleeson and 'Boys own modern' by Tim Storrier.

OTHER INFORMATION

The 17th-century Dutch painting by Frans van Mieris I, 'A cavalier (self-portrait)' was stolen in June 2007. The Trust's insurer accepted a claim for the amount of \$1.6 million which will be used to procure a similar work.

We identified opportunities for improvement to accounting and internal control procedures. We will further discuss these with Trust staff and where appropriate report them to management.

FINANCIAL INFORMATION

Year ended 30 June	2007* \$'000	2006* \$'000
Government contributions	27,912	20,833
Other revenue	29,503	27,558
Personnel services expenses	17,293	16,509
Other expenses	19,641	17,749
Surplus	20,481	14,133
Net assets (at 30 June)	953,844	786,381

* Included aggregated financial information of the Trust and controlled entity (The Australian Institute of Asian Culture and Visual Arts Limited).

The increase in net assets is due largely to a \$147 million increment on the revaluation of collection assets.

ENTITY ACTIVITIES

The Trust is constituted under the *Art Gallery of New South Wales Act 1980*. Its main functions are to:

- develop and maintain a collection of works of art
- propagate and increase knowledge and appreciation of art
- give particular emphasis on the visual art of Australia and Asia.

For further information on the Trust, refer to www.artgallery.nsw.gov.au.

CONTROLLED ENTITY

The controlled entity has not been reported on separately as it is not considered material by size or the nature of its operations to the consolidated entity. The audit resulted in an unqualified Independent Auditor's report and did not identify any significant issues or risks.

Entity Name	Website
The Australian Institute of Asian Culture and Visual Arts Limited	www.asianart.com.au

Australian Museum Trust

AUDIT OPINION

The audit of the Trust's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

KEY ISSUES

Collections Database (Repeat Issue)

We recommended that the Trust completes its program of recording its collections on an electronic database as soon as possible.

In recent years we reported on the Trust's progress towards completing the recording of collection assets on an electronic database. The absence of an appropriate database impacts the Trust's ability to discharge its stewardship responsibilities over its collection. The Trust has again advised that completion of this task is dependent on the availability of funds. The Trust is unable to nominate when this work will be completed.

PERFORMANCE INFORMATION

The Trust provided the following information regarding its performance:

Year ended 30 June	2003	2004	2005	2006	2007
Visitor numbers ('000s)	395	283	336	297	318
Admission fees (\$m)	2.4	1.5	2.4	2.1	1.8
Temporary exhibitions	15	13	10	8	9
Website visits (m)	5.1	8.3	12.2	17.1	23.3

OTHER INFORMATION

We identified opportunities for improvement to accounting and internal control procedures. We will further discuss these with Trust staff and where appropriate report them to management.

This financial year \$11.6 million was spent on the construction of the New Science and Research Building as part of the five year \$40.9 million Australian Museum Revitalisation Project (due for completion in July 2008). The building will enable the Museum to house its expanding collection and provide workspaces and modern laboratories for staff.

FINANCIAL INFORMATION

Year ended 30 June	2007 \$'000	2006 \$'000
Grants and contributions	50,267	32,162
Other revenue	6,199	7,375
Personnel services expenses	20,415	18,912
Other expenses	15,599	16,301
Surplus	20,452	4,324
Net assets (at 30 June)	728,558	708,106

Grants and contributions received by the Trust increased largely because of amounts provided towards the Australian Museum Revitalisation Project.

TRUST ACTIVITIES

The Trust is constituted under the *Australian Museum Trust Act 1975*.

Its main function is to increase and disseminate knowledge about the natural environment of Australia and the natural sciences. The Trust is responsible for the control and management of the Museum.

For further information on the Trust, refer to www.austmus.gov.au.

Department of the Arts, Sport and Recreation

AUDIT OPINION

The audit of the Department and its controlled entity's financial reports for the year ended 30 June 2007 resulted in unqualified Independent Auditor's Reports.

PERFORMANCE INFORMATION

Participation Numbers at Regional Sport and Recreation Centres

Participant Numbers for Centre	2005	2006	2007
Berry	8,829	8,900	<i>10,181</i>
Borambola	8,654	10,666	<i>10,287</i>
Broken Bay	11,006	10,008	<i>11,428</i>
Jindabyne	15,636	13,182	<i>15,361</i>
Lake Ainsworth	12,923	11,408	<i>13,571</i>
Lake Burrendong	6,268	6,325	<i>7,854</i>
Lake Keepit	5,390	6,061	<i>5,219</i>
Milson Island	10,595	10,437	<i>11,505</i>
Myuna Bay	19,505	18,486	<i>16,469</i>
Point Wolstoncroft	14,437	15,209	<i>14,814</i>
Sydney Academy	43,583	71,555	<i>66,471</i>
TOTAL	156,826	182,237	<i>183,160</i>

Source: Department of the Arts, Sport and Recreation (unaudited).

These centres provide outdoor education programs for schools, community or corporate groups and the general public.

Approval of Gaming Machines and Licenses

The Department approves a number of licenses and applications for gaming machines. Gaming machine holdings and licenses held are as follows:

At 30 June	2005	2006	2007
Gaming machine holdings (clubs)	74,658	74,226	<i>73,438</i>
Gaming machine holdings (hotels)	24,137	24,040	<i>23,945</i>
No. of licensed premises and registered clubs	13,320	13,705	<i>14,227</i>

The downward trend in gaming machine holdings is due to the policy (*Gaming Machines Act 2001*) to retire machines from the marketplace when entitlement transfers occur.

The upward trend in liquor licence numbers is primarily due to strong economic conditions, mainly in the restaurant segment and the increasing use of function licences as a fundraiser.

OTHER INFORMATION

Eveleigh Carriage Works

The Department completed the construction of the Eveleigh Carriage Works project at Redfern in 2006-07 which had an estimated value of \$50.6 million. The Carriage Works centre will house an art gallery, workshops, exhibition theatres, offices and other facilities for the community.

FINANCIAL INFORMATION

Abridged Operating Statement

Year ended 30 June	2007 \$'000	2006* \$'000
Employee related	218,609	71,590
Other expenses	124,955	40,279
TOTAL EXPENSES	343,564	111,869
TOTAL REVENUE	196,400	58,791
NET COST OF SERVICES	147,164	48,078
Government contributions	167,206	58,814
SURPLUS	20,042	10,736

* Period from 3 March 2006 to 30 June 2006.

Loan Guarantees

The Department acts as a guarantor for loans to sporting organisations. At 30 June 2007, the Department had guaranteed 13 loans with outstanding balances totalling \$3.2 million.

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Current assets	79,783	78,107
Non-current assets	469,713	449,393
TOTAL ASSETS	549,496	527,500
Current liabilities	42,122	39,345
Non current liabilities	783	1,605
TOTAL LIABILITIES	42,905	40,950
NET ASSETS	506,591	486,550

The increase in non-current assets was mainly due to expenditure of an construction projects.

Program Information

The table below details the Department's net cost of services by program:

Year ended 30 June	2007			2006*
	Revenues	Expenses	Net Cost of Services	Net Cost of Services
	\$'000	\$'000	\$'000	\$'000
Program Description				
Arts NSW	150,237	202,190	51,387	19,888
Sport and recreation development	40,539	110,098	70,126	19,545
Office of liquor, gaming and racing	5,624	31,275	25,651	8,645
Total all programs	196,400	343,564	147,164	48,078

* Period from 3 March 2006 to 30 June 2006.

Administered Revenue and Expenses

Activity Description	2007 \$'000	2006* \$'000
Administered Revenue		
Speedway racing licences	21	1
Boxing fees	18	1
Liquor application/grant fees	1,841	416
Gaming machine licence fees	710	89
Hotel gaming machine tax	2	6
Trade competition fees	2,435	860
Local court fees	701	262
Fines - local court	566	334
TOTAL ADMINISTERED REVENUE	6,294	1,969
Subsidies	2,713	1,379
TOTAL ADMINISTERED EXPENSES	2,713	1,379
ADMINISTERED REVENUE LESS EXPENSES	3,581	590

* Period commenced on 3 March 2006.

DEPARTMENT ACTIVITIES

The three programs that are contained in the Department of the Arts, Sport and Recreation are Arts NSW, NSW Sport and Recreation, and the NSW Office of Liquor, Gaming and Racing.

The purpose of the Department is to improve social well-being through fostering a spirited arts and cultural environment, developing a community based sport and recreation ethos, and ensuring the proper conduct and balanced development of the liquor, gaming, racing and charity industries.

For further information on the Department refer to www.dasr.nsw.gov.au, www.arts.nsw.gov.au, www.dsr.nsw.gov.au and www.olgr.nsw.gov.au.

CONTROLLED ENTITY

The following controlled entity has not been reported separately on as it is not considered material by its size or the nature of its operation to the consolidated entity.

Entity Name

Responsible Gambling Fund

Historic Houses Trust of New South Wales

AUDIT OPINION

The audits of the Trust and its controlled entities' financial reports for the year ended 30 June 2007 resulted in unqualified Independent Auditor's Reports.

Unless otherwise stated, the following commentary relates to the consolidated entity.

PERFORMANCE INFORMATION

The Historic Houses Trust of New South Wales provided the following information regarding its performance:

Year ended 30 June	2003	2004	2005	2006	2007
Visitor numbers ('000s)	987	1,164	1,048	993	<i>1,024</i>
Admission and function fees (\$m)	1.6	1.6	1.7	2.3	<i>2.6</i>
Temporary exhibitions	9	8	8	8	<i>9</i>
Properties					
Number	15	15	14	14	<i>16</i>
Value (\$m)	103	112	202	201	<i>202</i>
Collections					
Total items ('000s)	49	41	43	44	<i>45</i>
Total value (\$m)	19	20	26	27	<i>33</i>
Acquired this year:					
- Total value (\$'000)	945	192	4,780	302	<i>5,448</i>
- Number of items	337	730	262	248	<i>703</i>

The Trust advised that the rise in fees from admissions and functions is largely due to venue hire by regular corporate clients steadily increasing and high attendance of temporary exhibitions.

During 2006-07 ownership of 'Tusculum' (at Potts Point) and 'Exeter Farm' (at Glenwood) was transferred from the Corporation Sole, Corporation Sole, 'Minister Administering the Heritage Act, 1977' to the Trust.

Collections include 607 objects donated by the family of the late Caroline Simpson during 2006-07, valued at \$5.1 million.

OTHER INFORMATION

We identified some opportunities for improvement to accounting and internal control procedures and have reported them to management.

FINANCIAL INFORMATION

The following information relates to the Historic Houses Trust of New South Wales' consolidated finances.

Year ended 30 June	Consolidated		Parent	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Personnel services expenses	<i>14,780</i>	13,987	<i>14,765</i>	13,872
Other expenses	<i>11,696</i>	11,639	<i>11,613</i>	11,585
Other revenue	<i>13,460</i>	8,119	<i>12,955</i>	7,820
DASR/government contributions	<i>19,761</i>	18,125	<i>19,761</i>	18,125
Surplus	<i>6,745</i>	618	<i>6,338</i>	488
Net assets (at 30 June)	<i>245,597</i>	237,560	<i>242,219</i>	234,589

The Trust does not have the authority to employ staff. Personnel services are provided by the Department of the Arts, Sport and Recreation. The increase in personnel services expense reflects pay rises and additional event and function staffing requirements.

Other revenue includes the value of the previously mentioned donated collections.

ENTITY ACTIVITIES

The principle functions of the Trust are to:

- manage and conserve historic buildings or places which have been acquired by or vested in it
- collect, manage maintain and conserve objects and materials associated with those buildings and places
- research and interpret the significance of those buildings, places, objects and materials
- provide educational, cultural and professional services (including by way of research, publications, information, public programs and activities) in respect of those buildings, places, objects and materials.

The Trust manages 16 properties (14 in 2005-06) of historic significance. Twelve (12) of these properties are open as museums.

Under the *Historic Houses Act 1980*, the Trust is subject to the direction and control of the Minister for the Arts.

For further information on the Trust refer to www.hht.nsw.gov.au.

CONTROLLED ENTITIES

The following controlled entities have not been reported on separately as they are not considered material by their size or the nature of their operations to the consolidated entity.

For further financial and other information on these entities we have listed the entities' websites.

Entity Name	Website
Foundation for the Historic Houses Trust of NSW	www.hht.net.au/about_us/foundation
Foundation for the Historic Houses Trust of NSW Limited	*
Rouse Hill Hamilton Collection Pty Ltd	*
Hamilton Rouse Hill Trust	*

* these entities do not have websites.

Library Council of New South Wales

AUDIT OPINION

The audits of the Library and its controlled entity's financial reports for the year ended 30 June 2007 resulted in unqualified Independent Auditor's Reports.

Unless otherwise stated, the following commentary relates to the consolidated entity.

PERFORMANCE INFORMATION

The Library provided the following information regarding its performance:

Year ended 30 June	2003	2004	2005	2006	2007
Onsite visitor numbers ('000s)	600	571	629	629	<i>639</i>
Web page requests (m)	15.2	19.6	24.6	31.6	<i>40.2</i>
Electronic records available ('000s)	1,424	1,461	1,521	1,567	<i>1,621</i>
Collections					
Total items ('000s)	5,000	5,000	5,127	5,158	<i>5,221</i>
Total value (\$m)	1,498	1,497	1,883	1,880	<i>1,877</i>
Acquired this year:					
- dollar value (\$m)	6.1	7.5	7.8	6.9	<i>7.1</i>
- number of items ('000s)	80.5	75.9	80.9	53.6	<i>63.6</i>

One of the Library's objectives is to increase access to library and information services to the community, both onsite and remotely by online. Improved access through electronic records has resulted in web page requests continuing to increase.

OTHER INFORMATION

We identified some relatively minor opportunities for improvement to accounting and internal control procedures. We will further discuss these with Library staff and where appropriate will report them to management.

FINANCIAL INFORMATION

The following information relates to the Library's consolidated finances.

Year ended 30 June	Consolidated		Parent	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Government contributions	72,702	71,153	72,702	71,153
Other revenue	8,694	8,184	7,594	7,475
Personnel service expense	28,152	28,105	28,002	27,940
Other expenses	56,901	55,779	56,267	55,449
Deficit	3,657	4,547	3,973	4,761
Net assets (at 30 June)	2,132,909	2,136,566	2,122,084	2,126,057

The Library does not have the authority to employ staff. It recognises personnel services expenses provided by the Department of Arts, Sport and Recreation.

LIBRARY COUNCIL ACTIVITIES

The Library Council is constituted under the *Library Act 1939*. It is subject to the control and direction of the Minister for the Arts in the performance of its duties and functions relating to local library services.

Its main function is to provide library and information services to the people of New South Wales through the State Library and the statewide network of public libraries and information agencies.

For further information on the Council, refer to www.sl.nsw.gov.au.

CONTROLLED ENTITY

The following controlled entity has not been reported on separately as it is not considered material by its size or the nature of its operations to the consolidated entity.

For further financial and other information on this entity we have listed its website.

Entity Name	Website
State Library of New South Wales Foundation	www.sl.nsw.gov.au/foundation

Sydney Opera House Trust

AUDIT OPINION

The audit of the Trust's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

PERFORMANCE INFORMATION

The Trust provided the following information regarding its performance:

Year ended 30 June	2003	2004	2005	2006	2007
Performances	1,730	1,653	1,543	1,558	<i>1,595</i>
Audience ('000s)	1,253	1,146	1,135	1,130	<i>1,212</i>
Guided tour attendees ('000s)	229	245	247	270	<i>328</i>

OTHER INFORMATION

We identified opportunities for improvement to accounting and internal control procedures and have reported them to management. The recommendations related to vendor and payroll master files, invoicing and electronic funds transfers.

FINANCIAL INFORMATION

The following information relates to the Sydney Opera House Trusts finances.

Year Ended 30 June	2007 \$'000	2006 \$'000
Government contributions	<i>63,672</i>	68,279
Other revenue	<i>55,567</i>	42,454
Personnel services expenses	<i>37,213</i>	32,757
Other expenses	<i>61,858</i>	49,562
Surplus	<i>20,168</i>	28,414
Net assets (at 30 June)	<i>1,914,286</i>	1,894,181

The rise in 'other revenue' of \$13.1 million is mainly due to a combination of increases in the number of performances and people attending. The Sydney Opera House itself presented 703 performances attracting 314,000 people, an increase of 68 per cent on 2005-06.

The increase in personnel services costs is due to a combination of rises in pay rates and the number of temporary staff engaged by the Trust.

Consistent with the increase in the number of performances, 'other expenses' rose because of the cost of additional artist fees and presentation expenses. 'Other expenses' also reflect the full year's depreciation on assets capitalised/revalued in 2005-06.

The increase in net assets reflects cash inflows generated from operating activities, invested in short term deposits.

ENTITY ACTIVITIES

The Trust is constituted under the *Sydney Opera House Trust Act 1961*. It is subject to the control and direction of the Minister for the Arts. Its main functions are to manage and maintain the Sydney Opera House and site as a heritage building, performing arts and conference centre, tourism destination, and to promote and encourage the performing arts.

For further information on the Trust, refer to www.sydneyoperahouse.com.

Trustees of the Museum of Applied Arts and Sciences

AUDIT OPINION

The audit of the Museum's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

PERFORMANCE INFORMATION

The Museum provided the following information regarding its performance:

Year ended 30 June	2003	2004	2005	2006	2007
Visitor numbers ('000s)	668	500	702	535	<i>622</i>
Admission fees (\$m)	3.7	2.0	4.3	2.3	<i>3.1</i>
Temporary exhibitions	26	22	25	28	<i>31</i>
Collections					
Total items ('000s)	385	386	387	387	<i>388</i>
Percentage on display	4	4	4	4	<i>4</i>
Total value (\$m)	367	370	399	401	<i>403</i>
Acquired this year:					
dollar value (\$m)	2	3	2	2	<i>2</i>
number of items	570	663	546	707	<i>725</i>

Visitor numbers and admission fees rose in 2006-07 largely due to the significant interest in the year's exhibition program, in particular the 'The Great Wall of China exhibition' which commenced on 28 September 2006 and concluded on 25 February 2007. Over 113,000 people visited the exhibition during its season at the Museum. The increased visitation is also due to the opening of the Powerhouse Discovery Centre: Collection Stores (PDC) at Castle Hill in March 2007, which attracted nearly 12,000 visitors by the end of June 2007. The PDC provides public access to the Museum's collection in storage of around 50,000 objects, including many larger items.

OTHER INFORMATION

We identified some opportunities for improvement to accounting and internal control procedures and have reported them to management.

FINANCIAL INFORMATION

Year ended 30 June	2007 \$'000	2006 \$'000
Government contributions	42,363	37,781
Other revenue	12,144	8,847
Personnel services expenses	25,558	24,849
Other expenses	23,707	21,079
Surplus	5,242	700
Net assets (at 30 June)	542,134	536,892

The Museum's funding arrangements with NSW Treasury changed from 1 July 2006. Parliamentary Appropriations have been replaced by grants from the Department of the Arts, Sport and Recreation (DASR).

The Museum does not have the authority to employ staff. Personnel Services provided by DASR have now been formalised under a Memorandum of Understanding between DASR and the Museum.

MUSEUM ACTIVITIES

The Museum is constituted under the *Museum of Applied Arts and Sciences Act 1945*. Under the Act, the Trustees are subject to the control and direction of the Minister.

The Museum's main function is to preserve the State's cultural heritage in science, technology, history, decorative arts and design and to provide access to the New South Wales residents.

For further information on the Museum, refer to www.phm.gov.au.

Minister Assisting the Minister for Finance

Lifetime Care and Support Authority of New South Wales

Motor Accidents Authority of New South Wales

Workers' Compensation (Dust Diseases) Board

Refer to Appendix 1 for:

Office of the Motor Accidents Authority of New South Wales

Office of the WorkCover Authority

Lifetime Care and Support Authority of New South Wales

AUDIT OPINION

The audit of the Authority's financial report for the year ended 30 June 2007 resulted in a unqualified Independent Auditor's Report.

KEY ISSUES

The Independent Auditor's Report included commentary to draw attention to significant uncertainty concerning the valuation of the Authority's outstanding claims liability.

The significant uncertainty arises due to the limited claims experience available on which to base the valuation. Entitlements under the Lifetime Care and Support Scheme only commenced from 1 October 2006. This uncertainty will remain until sufficient claims experience for the Scheme is available.

OTHER INFORMATION

The Lifetime Care and Support Scheme

The Authority is responsible for the administration of the Lifetime Care and Support Scheme. The Scheme was introduced in two stages. Initially the Scheme applied to all children under 16 years severely injured in motor accidents on or after 1 October 2006. From 1 October 2007, the Scheme also applied to adults.

FINANCIAL INFORMATION

Abridged Income Statement

Year ended 30 June	2007 \$'000
CTP premium levy	132,651
Other	2,412
TOTAL REVENUE	135,063
Participants care and support expenses	38,156
Personnel services	1,306
Other expenses	1,599
TOTAL EXPENSES	41,061
PROFIT	94,002

Note: No comparative amounts as the Authority commenced operations on 1 July 2006.

The Authority is funded by a levy on Compulsory Third Party (CTP) insurance policies.

The Authority derived a large surplus for the year ended 30 June 2007 due to the phased implementation of benefits coverage and a lighter than expected claims experience. The Authority expects the surplus to fall significantly over the next five years.

Abridged Balance Sheet

At 30 June	2007 \$'000
Cash and cash equivalents	97,965
Receivables	31,490
Other	4,532
TOTAL ASSETS	133,987
Provisions	37,640
Other	2,345
TOTAL LIABILITIES	39,985
NET ASSETS	94,002

Note: No comparative amounts as the Authority commenced operations on 1 July 2006.

Cash included NSW Treasury Corporation hourglass deposits totalling \$95.7 million. Provisions represent the actuarially assessed liability for participants care and support services.

AUTHORITY ACTIVITIES

The Authority is a statutory body constituted under the *Motor Accidents (Lifetime Care and Support) Act 2006*. The Authority is responsible for the administration of the Lifetime Care and Support Scheme. The Scheme provides treatment, rehabilitation and care services to persons severely injured in motor accidents in New South Wales, regardless of who was at fault in the accident.

For further information on the Authority refer to www.lifetimecare.nsw.gov.au.

Motor Accidents Authority of New South Wales

AUDIT OPINION

The audit of the Authority's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

KEY ISSUES

Nominal Defendant (ND) Funding

We recommend the Authority:

- formalise arrangements with NSW Treasury for the funding of HIH Insurance liabilities
- ensure that the general ledger system used to account for ND activities is adequately controlled and produces complete and reliable accounting information
- appropriately document the policies and procedures to account for ND activities.

The Authority is the Nominal Defendant for the purposes of the *Motor Accidents Compensation Act 1999*. As Nominal Defendant, the Authority is responsible for meeting the cost of claims relating to CTP policies issued by HIH Insurance. The Authority is reimbursed for the cost of these claims by the Crown through NSW Treasury.

There is no written agreement outlining the rights and obligations of NSW Treasury and the Authority in relation to the funding of HIH claims. This resulted in the need for the Authority to recognise a prior period adjustment in its financial report of \$10.0 million relating to incorrectly accounting for the funds received from NSW Treasury.

The Authority does not have documented policies and procedures on how to appropriately account for ND activities. Further the Authority's general ledger system does not readily produce complete and reliable accounting information required for ND financial reporting.

FINANCIAL INFORMATION

Abridged Income Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Compulsory third party premium levy (CTP)	78,844	36,191
Other	2,114	1,501
TOTAL REVENUE	80,958	37,692
Employee related expenses	11,139	10,199
RTA, health and ambulance service fees	43,652	--
Medical and claims assessor fees	8,661	9,780
Grants	7,686	8,539
Other expenses	8,177	7,719
TOTAL EXPENSES	79,315	36,237
SURPLUS	1,643	1,455

Levy income increased in line with changes to levy rates. Rates increased from 1 October 2006 to enable the Authority to fund RTA, Health and Ambulance Services fees. In previous years, these fees were met by insurers.

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Cash and investments	25,235	20,927
Receivable from Crown Entity - outstanding nominal defendant claims	49,414	82,090
Other assets	16,200	7,203
TOTAL ASSETS	90,849	110,220
Payables	20,152	8,220
Outstanding Nominal Defendant claims	58,218	91,164
TOTAL LIABILITIES	78,370	99,384
NET ASSETS	12,479	10,836

Outstanding Nominal Defendant claims and recovery from the Crown have decreased following the settlement of claims and an actuarial reassessment of the liability. This liability relates to injuries in 2000 or earlier and the liability is expected to continue to decline as claims on hand are settled.

Other assets increased by \$9.0 million primarily due to the increased CTP levy income receivable. The increase in payables of \$11.9 million is mainly due to the accrual for RTA, Health and Ambulance Service fees.

AUTHORITY ACTIVITIES

The Authority is constituted under the *Motor Accidents Compensation Act 1999*. This Act established the (CTP) insurance scheme and payment of compensation relating to the death or injury to persons resulting from a motor accident. Its functions include:

- monitoring the operation of the CTP scheme
- acting as the Nominal Defendant for the purposes of the Act
- developing and implementing public education in relation to road safety
- providing funding for measures to prevent or minimise injuries and safety education
- performing specific functions to support the provision of acute care treatment, rehabilitation, long-term support and other services for persons injured.

For further information on the Authority refer to www.maa.nsw.gov.au.

Workers' Compensation (Dust Diseases) Board

AUDIT OPINION

The audit of the Board's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

KEY ISSUES

Dust Diseases Levy

We recommend that the Board enter into a formal service level agreement with the WorkCover Authority on the administration of the calculation and collection of the dust diseases levy. The agreement should reflect the legislative obligations of each entity with respect to the dust diseases levy.

The Board and the WorkCover Authority have obligations under the *Workers' Compensation (Dust Diseases) Act 1942* (the Act) with respect to the dust diseases levy. We have raised issues with the Board for a number of years relating to the administration of the levy. A review of the current process was recently completed by the Board, which made a number of recommendations. Further action is required to ensure an efficient process is in place that complies with the legislation.

A particular area of concern is self and specialised insurers, whose wage declarations are not subject to independent audit. Further, specialised insurers such as the NSW Self Insurance Corporation calculate the levy payable themselves, and there is no independent review performed to ensure the calculation is correct.

FINANCIAL INFORMATION

Abridged Income Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Dust diseases levy	85,572	77,807
Investment income	77,760	63,903
Other	1,749	1,740
TOTAL REVENUE	165,081	143,450
Movement in outstanding claims	(52,181)	35,889
Movement in outstanding contributions	112,340	21,267
Finance cost	94,020	83,600
Research grants	8,157	443
Other	2,745	1,828
TOTAL EXPENSES	165,081	143,027
PROFIT	--	423

The movement in outstanding claims is mainly due to the reduction in assumed average disability rates applied in the valuation of outstanding claims liabilities and other changes in actuarial assumptions.

The cost of compensation claims and other costs of the Board are recovered from employers through the Dust Diseases Levy. The movement in outstanding contributions represents the change in future levies required to fund these costs. The expense of \$112 million shown above represents a reduction in future levies required, principally due to the reduction in outstanding claims liability and the strong investment performance of the Board.

The increase in research grants is due to a \$7.5 million grant to the Asbestos Diseases Research Foundation. The grant is to fund construction of the Asbestos Diseases Research Institute, a laboratory to research asbestos related diseases to be built at Concord Repatriation General Hospital.

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Contributions receivable	843,873	956,213
Investments	651,672	581,943
Other assets	5,781	8,810
TOTAL ASSETS	1,521,326	1,556,966
Outstanding claims	1,516,274	1,551,439
Other liabilities	3,426	3,901
TOTAL LIABILITIES	1,519,700	1,555,340
NET ASSETS	1,626	1,626

Contributions receivable represents the current shortfall in outstanding claims, to be funded through future levies.

AGENCY ACTIVITIES

The Board administers fortnightly compensation payments as well as medical expense payments to eligible disabled workers who contract a specified dust disease. Workers' dependants receive lump sum payments as well as fortnightly compensation payments where the worker subsequently dies as a result of a dust disease. Rates of compensation are adjusted periodically to account for increases in the cost of living.

The Board also administers funds held in trust on behalf of dependant beneficiaries. The Board is also responsible for meeting the operating cost of the Dust Diseases Tribunal, which was created to expedite the common law claims of dust disease sufferers. The *Workers' Compensation (Dust Diseases) Act 1942* (the Act), gives the Board authority to impose levies each year to meet its annual operating costs.

The Board is a statutory authority established under the Act. It is subject to the direction and control of the Minister for Commerce. For further information on the Workers' Compensation (Dust Diseases) Board refer to <http://www.ddb.nsw.gov.au>.

CONTROLLED ENTITY

The Asbestos Diseases Research Foundation (ADRF), a company limited by guarantee, was established in August 2006. The board members of the Workers' Compensation (Dust Diseases) Board were appointed as the interim board of ADRF.

The broad functions of the Foundation are to:

- provide leadership and promote research into asbestos and other dust related diseases
- promoting education and training of health professionals
- promoting awareness
- applying research to the development of relevant products and treatments.

ADRF has not been reported separately as it is not considered material by its size or the nature of its operations to the Workers' Compensation (Dust Diseases) Board. The audit resulted in an unqualified Independent Auditor's Report and did not identify any significant issues or risks.

Minister for Climate Change, Environment and Water

Sydney Catchment Authority

Upper Parramatta River Catchment Trust

Waste Recycling and Processing Corporation (WSN Environment Solutions)

Zoological Parks Board of NSW

Refer to Appendix 1 for:

Lord Howe Island Board

Sydney Catchment Authority

AUDIT OPINION

The audits of the Authority and its controlled entity's financial reports for the year ended 30 June 2007 resulted in unqualified Independent Auditor's Reports.

Unless otherwise stated, the following commentary relates to the consolidated entity.

KEY ISSUES

Warragamba Dam Auxiliary Spillway Project

In June 2007, the Chief Executive Officer approved a \$4.0 million payment for the uninsured portion of a claim emerging from the Warragamba Dam Auxiliary Spillway Project. The Authority believes there are reasonable prospects of recovering half of this amount from the Reliance Insurance Company which is currently subject to a solvent Scheme of Arrangement. The Authority has lodged a claim on this Scheme.

In previous years we reported that the Authority received a \$14.5 million claim from a contractor for alleged breaches of warranty provisions in the contract to construct the Warragamba Dam Auxiliary Spillway, and for costs relating to delays.

PERFORMANCE INFORMATION

Financial Performance Information

Year ended 30 June	2007 \$m	2006 \$m
Profit before tax	26.2	28.3
Dividend payable	19.7	16.6
Income tax payable on current year profit	3.9	6.2
Total government contributions	23.6	22.8
Dividend + tax/profit before tax (%)	90.0	80.6
Capital expenditure	88.1	138.1
Total borrowings	380.0	315.8
Total assets	1,148.9	897.7
Total liabilities	510.7	383.5
Net cash flows from operating activities	41.0	20.7
Current ratio	0.20	0.28

The Authority's current ratio (a measure of its liquidity) is 0.20 (0.28 in 2006). A current ratio of one is, in most instances, considered appropriate. However, the Authority can manage its cash flows with a lower liquidity ratio because its revenues and expenditures are highly predictable, and because it can quickly source funds from a 'come and go' facility with NSW Treasury Corporation, as well as approved borrowing facilities.

Fitch Ratings downgraded the Authority's credit rating from A to A- because of its large capital expenditure programme over the next three years. We understand that NSW Treasury has, in response to this credit rating, agreed to reduce future dividend payments from 97 per cent of after tax profits to 75 per cent of after tax profits.

Non-Financial Performance Targets

The following table outlines the Authority's performance against a number of key non-financial performance targets for 2006-07. In all instances, the Authority has met or exceeded its targets.

Year ended 30 June	2006		2007	
	Target	Actual	Target	Actual
Health related compliance with the Australian Drinking Water Guidelines (%)	100	100	100	<i>100</i>
Compliance with Bulk Water Supply Agreement with Sydney Water (%)	>95	99.1	>95	<i>99.6</i>
Compliance Dams Safety Committee requirements and Australian National Committee on Large Dams guidelines (%)	100	100	100	<i>100</i>
Environmental release compliance to Water Management Licence (%)	100	100	100	<i>100</i>

Source: all figures supplied by the Authority, and are unaudited.

IPART Operational Audit

The Authority achieved a very high level of compliance with its Operating Licence in 2005-06.

Two licence conditions were assessed as having low levels of compliance. One of these related to a memorandum of understanding with the Department of Water and Energy and the other was a technical non-compliance relating to reporting on leakage and loss actions. These low levels of compliance did not result in a penalty to the Authority.

IPART reported the results of its 2005-06 operational audit of the Authority in May 2007. The audit assessed the Authority's performance against the standards in its operating licence.

OTHER INFORMATION

We identified some opportunities for improvement in internal controls/procedures. These were minor, and we reported them to management.

Metropolitan Water Plan

The Authority made significant progress on all its projects under the NSW Government's Metropolitan Water Plan.

Key projects managed by the Authority under the plan include:

- accessing deep water in dams
- Shoalhaven transfers
- groundwater investigations
- managing environmental flows.

The Nepean and Avon dams' deep storage access project was completed in March 2007 within budget of \$54.0 million. Since then, the pumping station has been used to transfer water from Nepean Dam to Avon Dam. This further secures supply to the Illawarra and minimises losses through spills from Nepean Dam.

An extra 200 billion litres of water is now available, extending greater Sydney's water supply in drought by an additional six to seven months. This is more than the amount of water held in the Authority's second largest dam and has increased water supply yield by about eight per cent.

The Metropolitan Water Plan outlines the government's response to the current drought, river health initiatives, and measures to secure a balance between water demand and supply for the future.

Native Title Claims

The Gundungurra people made two native title claims over lands that are controlled or jointly managed by the Authority. Both claims have been in the Federal Court for approximately six years, with little progress being made. The claims relate to land in Special Areas and under the stored water of Warragamba Dam.

The Gundungurra people have since reduced the size of their claim to a smaller core area, which does not include any land or waters claimed by other native title claimants.

It is expected that both native title claims will be settled through an Indigenous Land Use Agreement (ILUA) by the claimants and other government agencies. A mediation report provided to the Federal Court in March 2007 indicated there had been little progress in finalising the claim due to claim group issues.

Accelerated Sewerage Program

Under the Accelerated Sewerage Program more than 9.2 tonnes of phosphorus and 15.4 tonnes of nitrogen has been removed from the waterways in Sydney's drinking water catchment since 2002.

The Accelerated Sewerage Program has delivered upgrades to Bowral and Lithgow (stage 1) sewerage treatment plants. Completion of the planned projects will remove a further 14.8 tonnes of phosphorus and 5.8 tonnes of nitrogen from waterways and reduce pathogen loads by 25 per cent.

The Accelerated Sewerage Program was established in June 2002 to reduce the incidence of discharges of sewage into catchment areas. The program is managed by the Department of Water and Energy under the NSW Government's Country Towns Supply and Sewerage Scheme. Under this scheme, the Authority is contributing \$21.3 million to accelerate eight sewerage projects throughout regional NSW.

Leakage and Loss Management in the Water Supply System

The Authority issued a report in 2007 indicating that it has very low levels of leakage and water loss. The main reason for this is that many of the Authority's assets are above ground and leaks are easily detected and rectified.

The Authority estimates leakage from the system to amount to 0.5 per cent of water sold in 2005-06. This compares to an average across Australian water utilities of seven per cent to 35 per cent.

The Authority has outlined a number of actions to address water leakage and loss from the water supply system. Some of these include undertaking dam surveillance and to continue collecting data on evaporation to provide consistency of measurement and explain any future changes in localised climate conditions.

Some losses can be an intentional and inherent part of an asset's design. For example, dams are designed to seep for structural safety and to prevent excessive build up of water pressure within or beneath them. Other water supply system losses cannot be prevented. The largest losses of this type include evaporation and groundwater surface interactions.

Water Storage

The table below shows how the current drought conditions have affected the Authority's water storages overtime. The increase of 12.7 per cent since 30 June 2006 was mainly due to wetter than average weather in June 2007.

At 30 June	Full Operating Storage (MI)	Available Storage as % of Full Operating Storage				
		2003	2004	2005	2006	2007
Total storage	2,584,300*	62.2	47.5	38.3	41.7	54.4

*Prior to 2006, percentages are based on a total storage of 2,385,300.

FINANCIAL INFORMATION

Abridged Consolidated Income Statement

Year ended 30 June	Consolidated		Parent	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Water sales	151,871	138,057	151,871	138,057
Other income	4,289	2,633	4,289	2,633
TOTAL REVENUE	156,160	140,690	156,160	140,690
Employee related	28,586	23,414	267	16,854
Contractors	16,605	15,573	44,924	22,133
Financing charges	24,440	16,786	24,440	16,786
Other expenses	60,299	56,633	60,299	56,633
TOTAL EXPENSES	129,930	112,406	129,930	112,406
PROFIT BEFORE TAX	26,230	28,284	26,230	28,284
Income tax expense	4,419	11,191	4,419	11,191
PROFIT AFTER TAX	21,811	17,093	21,811	17,093

Increases to water sales were mainly due to real price increases in water volumetric charges as determined by IPART.

Increases in employee related expenses were mainly due to a reduction in actuarial gains on defined benefit superannuation plans and an increase in salary rates as outlined in the Authority's Consolidated Award.

Increases in other expenses were due in part to the additional costs of transferring additional water from the Shoalhaven system, due to the effects of the current drought.

Abridged Consolidated Balance Sheet

Year ended 30 June	Consolidated		Parent	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current assets	31,511	29,430	31,307	28,966
Non-current assets	1,117,400	868,308	1,117,400	868,308
TOTAL ASSETS	1,148,911	897,738	1,148,707	897,274
Current liabilities	154,110	105,795	154,022	108,334
Non-current liabilities	356,593	277,725	356,477	274,722
TOTAL LIABILITIES	510,703	383,520	510,499	383,056
NET ASSETS	638,208	514,218	638,208	514,218

Non-current assets increased mainly due to the revaluation of facility assets and land to fair value of \$1.1 billion (\$868 million).

Total liabilities increased mainly due to increased borrowings of \$64.0 million to fund capital projects.

AUTHORITY ACTIVITIES

The Authority is a statutory body under the *Sydney Water Catchment Management Act 1988*.

Its principal role is to manage and protect catchment areas and infrastructure works; to be a supplier of bulk water; and to regulate certain activities within catchment areas.

For further information on the Authority, refer to www.sca.nsw.gov.au.

CONTROLLED ENTITY

The following controlled entity has not been reported separately on as it is not considered material by its size or the nature of its operations to the consolidated entity.

Entity Name
Sydney Catchment Authority Division

Upper Parramatta River Catchment Trust

AUDIT OPINION

The audits of the Trust and its controlled entity's financial reports for the year ended 30 June 2007 resulted in unqualified Independent Auditor's Reports.

KEY ISSUE

The activities of the Trust are winding down. The Trust staff numbers have reduced from ten to three and the current Trustees term of appointment expires in March 2008.

We understand the Trust will operate until suitable arrangements are made for the maintenance of its assets and services. The Sydney Metropolitan Catchment Management Authority provides fee based services to the Trust.

OTHER INFORMATION

We identified opportunities for improvement to accounting and internal control procedures and have reported them to management.

FINANCIAL INFORMATION

The following information relates to the Trust's consolidated finances.

Year ended 30 June	2007 \$'000	2006 \$'000
Revenue	1,912	3,228
Expenses	2,201	3,109
(Deficit)/surplus	(289)	119
Net Assets (at 30 June)	15,452	14,423

The Trust earned \$1.4 million (\$2.8 million in 2005-06) for river management service charges levied on nearly 90,000 properties in the catchment area. The river management service charge was levied until December 2006. Expenses declined in line with the reduction in revenue.

TRUST ACTIVITIES

The Trust's principal objectives are to mitigate the impacts of flooding, trunk drainage flooding, deteriorating water quality, other natural hazards and facilitating appropriate flood related planning controls for the Upper Parramatta River Catchment.

The Trust is subject to the control and direction of the Minister for Climate Change, Environment and Water and operates under section 285 of the *Water Management Act 2000*.

For further information on the Trust refer to www.uprct.nsw.gov.au.

CONTROLLED ENTITY

The following controlled entity has not been reported separately on as it is not considered material by its size or the nature of its operations to the consolidated entity.

Entity Name

Upper Parramatta Catchment Trust Division

Waste Recycling and Processing Corporation (WSN Environmental Solutions)

AUDIT OPINION

The audit of the Corporation's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

KEY ISSUES

Separate Audit Opinion under the Waste Recycling and Processing Corporation Act 2001 (Repeat Issue)

The *Waste Recycling and Processing Corporation Act 2001* (the Act) requires the Corporation to operate at least as efficiently as any comparable businesses. The Act also requires the Corporation to include in its Annual Report an assessment by the Auditor-General of its performance in achieving that objective.

To date the Corporation has been unable to identify appropriate financial and non-financial measures required to make this assessment. The major contributing factors have been the difficulty in identifying similar businesses operating in a similar environment, and obtaining data on their operations. We were therefore unable to form an opinion on the Corporation's performance.

The conflict between the Act and the Corporation's ability to source data from similar businesses cannot be resolved without amendments to that legislation.

Equity Injection

On 26 June 2007 NSW Treasury provided a \$65.0 million equity injection to meet pre-corporatisation closed landfill site rehabilitation liabilities and fund the completion of the Lucas Heights Sports Complex.

PERFORMANCE INFORMATION

Financial Performance

Year ended 30 June	Actual		Target*
	2006	2007	2007
Earnings before interest and tax (\$m)	16.2	18.5	15.2
Return on equity (%) (a)	8.6	9.3	7.3
Return on assets (%) (b)	6.3	6.7	5.3
Total distributions to government (\$m) (c)	8.2	5.5	8.4

* As agreed with shareholding Ministers in the Statement of Corporate Intent.

(a) profit after tax divided by average equity.

(b) earnings before interest and tax divided by average assets.

(c) comprises budgeted dividend and income tax equivalent.

FINANCIAL INFORMATION

Abridged Income Statement

Year Ended 30 June	2007 \$'000	2006 \$'000
TOTAL REVENUE	204,127	180,309
PROFIT BEFORE BORROWING COSTS, DEPRECIATION AND TAX	35,536	32,905
Borrowing costs	3,595	3,070
Depreciation	17,080	16,684
PROFIT BEFORE TAX	14,861	13,151
Income tax equivalent	733	3,899
PROFIT AFTER TAX	14,128	9,252

Total revenue includes \$196 million received from waste charges (\$169 million in 2005-06). The increase of \$26.6 million was mainly from increased revenue from council and commercial customers and the flow-on effect of the Environment Levy referred to below.

Expenditure of \$186 million (\$164 million) included a \$10.9 million increase in statutory contribution payments to the Environment Protection Authority. The increase reflects the first year impact of the significant increase in the Waste and Environment Levy. The new levy increases existing scheduled charges by \$6.00 per tonne for five years every year effective from 1 July 2006.

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Current assets	60,171	44,853
Non-current assets	236,947	211,080
TOTAL ASSETS	297,118	255,933
Current liabilities	71,381	58,642
Non-current liabilities	36,488	81,926
TOTAL LIABILITIES	107,869	140,568
NET ASSETS	189,249	115,365

The increase in total assets included \$41.0 million from the acquisition of property, plant and equipment.

The equity injection mentioned earlier enabled the Corporation to repay the entire borrowings liability of \$45.3 million.

Liabilities included \$18.8 million set aside as a provision for the rehabilitation and maintenance of landfill sites (\$29.1 million). Payments from the provision were \$13.9 million (\$14.4 million). The Department of Environment and Climate Change and the Sydney Water Corporation's environmental guidelines require the Corporation to complete the rehabilitation within 40 years. The Corporation expects to comply with these requirements.

CORPORATION ACTIVITIES

The Corporation is a statutory State owned corporation constituted under the *Waste Recycling and Processing Corporation Act 2001* to provide a waste processing, recycling and disposal service. It manages waste management centres, including eight solid waste transfer stations, four engineered landfills, and three materials recycling facilities.

For further information on the Corporation, refer to www.wsn.com.au.

Zoological Parks Board of New South Wales

AUDIT OPINION

The audits of the Board and its controlled entity's financial report for the year ended 30 June 2007 resulted in unqualified Independent Auditor's Reports.

KEY ISSUES

Master Plan

The Board has completed the sixth year of its 12 year Master Plan for Taronga Zoo and Western Plains Zoo.

The Master Plan costs are indexed each year for inflation, and at 30 June 2007 had increased to \$250 million from the initial budget of \$225 million in 2001-02.

The table below shows the Master Plan's predicted expenditure over the term of the plan and the planned and actual expenditure from inception to 30 June 2007.

Year Ended 30 June	2007		
	Master Plan \$'000	Planned \$'000	Actual \$'000
The Board - Internal Funding	56,200	21,917	24,133
NSW Treasury Corporation loan	37,779	37,779	21,900
Government grants	156,573	79,756	79,756
Total	250,552	139,452	125,789

Source: Zoological Parks Board of New South Wales (unaudited).

The Government requires the Board to raise 25 per cent of the total cost of the Master Plan through internal funding.

The Board spent \$33.2 million (\$22.8 million in 2005-06) on additions to capital works during the year. Major projects included the Asian Elephants Rainforest precinct construction completed in July 2006.

PERFORMANCE INFORMATION

Visitors

The following table shows the number of visitors and revenue for the past four years:

Year ended 30 June	2004	2005	2006	2007
Taronga Park Zoo				
Paid attendance	1,068,286	1,035,140	1,039,122	<i>1,148,403</i>
Free of charge attendance	242,284	226,080	241,336	<i>218,926</i>
Western Plains Zoo				
Paid attendance	225,868	216,357	199,683	<i>199,044</i>
Free of charge attendance	41,543	37,860	37,569	<i>42,333</i>
Total attendance	1,577,981	1,515,437	1,517,710	1,608,706
Admissions Revenue (\$'000)	20,519	21,390	22,905	24,761

Source: Zoological Parks Board of New South Wales (un-audited).

Paid attendance at Taronga Park Zoo increased in 2006-07 with the arrival of the Asian elephants in late 2006.

Paid attendance at the Western Plains Zoo was less than the prior year due to rising costs of petrol, discount airfares and the re-development of the Pacific and Hume highways.

Free of charge attendance primarily relates to sponsors and children under the age of four.

OTHER INFORMATION

Great Southern Oceans Precinct

The construction of the 'Great Southern Oceans Precinct' project commenced in July 2005. The project has numerous enclosures for marine animals including seals and penguins, a new seal theatre and marine life support systems for the animals. The project is estimated to be completed by the end of 2007 at a cost of approximately \$54.0 million.

Conservation

The recent animal deaths in both Taronga Zoo and Western Plains Zoo were independently reviewed by the Royal Society for the Prevention of Cruelty to Animals (RSPCA). RSPCA reported it appeared every effort was made by the Board to diagnose and treat the animals. The Board has taken appropriate measures to ensure optimal animal well being.

The Board received the Australasian Regional Association of Zoological Parks and Aquaria's (ARAZPA) awards for its conservation work with Rhinoceroses and Corroboree frogs in 2007.

The Board is involved in a number of conservation projects including the 'Cooperative Conservation Program' which maintains self sustaining breeding programs. The Board also provides funding used in monitoring areas where elephant incidents are common.

In October 2006, Taronga Zoo won a Premier's NSW Export Award for its wildlife education programs for international visitors.

FINANCIAL INFORMATION

Year ended 30 June	Consolidated		Parent	
	2007 \$'000	2006	2007 \$'000	2006 \$'000
Revenue	81,663	78,844	81,663	74,844
Employee related expenses	31,732	28,417	31,732	28,417
Other expenses	32,958	28,897	32,958	28,897
Surplus	16,973	17,530	16,973	17,530
Net assets (at 30 June)	218,141	192,576	218,141	192,576

Revenue increased by \$6.9 million, largely due to increased Government grants for additions to capital works and increased admissions. The Board also received a number of significant sponsorship contributions in 2006-07. Corporate sponsorships increased by \$816,000 in 2006-07 (\$246,000). Other expenses rose mainly due to increased depreciation for completed projects, increased employee related expenses and higher level of marketing campaigns undertaken to promote the Zoo's brand name.

Net assets rose by \$25.6 million mainly due to a net increase in property, plant and equipment of \$31.9 million due to the construction of the Great Southern Oceans Precinct.

Additions to capital works during 2006-07 were funded by the surplus. The Board's loan balance of \$38.5 million increased by \$8.6 million from 2005-06.

BOARD ACTIVITIES

The *Zoological Parks Board Act 1973* established the Board. Its principal objectives are to establish, maintain and control zoological parks at Sydney's Taronga Zoo and the Western Plains Zoo in Dubbo.

The Board is subject to the control and direction of the Minister for the Environment.

For further information on the Board, refer to www.zoo.nsw.gov.au.

CONTROLLED ENTITY

The following controlled entity has not been reported separately on as it is not considered material by its size or the nature of its operations to the consolidated entity.

Entity Name
Zoological Parks Board Division

Minister for Commerce

Australian Centre for Advanced Computing and Communications Pty Ltd

Building Insurers' Guarantee Corporation

Department of Commerce

NSW Businesslink Pty Ltd

Rental Bond Board

State Records Authority of New South Wales

Australian Centre for Advanced Computing and Communications Pty Ltd

AUDIT OPINION

The audit of the Company's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

KEY ISSUE

Maiden Profit

We recommend the Board continue to closely monitor future budgets and cash flow projections to ensure the Company remains financially viable.

The Company made a profit of \$236,000 in 2006-07 for the first time since it began operations in November 2000. Total accumulated losses since inception amount to \$13.2 million. Remaining equity at 30 June 2007 is \$1.8 million. The Company has budgeted for a profit of \$650,000 in 2007-08.

FINANCIAL INFORMATION

Key Financial Information

Year ended 30 June	2007 \$'000	2006 \$'000
Revenue	6,346	6,002
Expenses	6,110	6,260
Profit/(loss)	236	(258)
Net assets (at 30 June)	1,765	1,528

Revenue increased due to a growth in data centre services to Government agencies and small and medium-sized enterprises. Expenses include salary and related costs, \$2.5 million (\$2.3 million in 2005-06), depreciation, \$600,000 (\$582,000) and payment under the Partnership for Advanced Computer Program, \$473,000 (\$690,000).

AGENCY ACTIVITIES

The Company was registered on 10 November 2000 as a proprietary company limited by shares under the *Corporations Act 2001*. The Company provides professional management of computers for other organisations, including NSW Government agencies, universities and private sector companies.

The Government and eight New South Wales universities financed the establishment of the Company. The Government provided \$12.0 million giving it a 57 per cent shareholding. The universities hold the remaining shares and provided cash and in kind contributions. The New South Wales Government Telecommunications Authority holds the Government's investment.

For further information on the Company, refer to www.ac3.com.au.

Building Insurers' Guarantee Corporation

AUDIT OPINION

The audit of the Corporation's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

FINANCIAL INFORMATION

Abridged Income Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Government contributions	30,595	19,186
Other	183	90
TOTAL REVENUE	30,778	19,276
Net insurance claims and provisions	9,093	12,991
Administrative services	3,628	4,367
Other operating expenses	1,775	1,516
TOTAL EXPENSES	14,496	18,874
PROFIT	16,282	402

Government contributions were to meet claims under the home insurance policies of insolvent insurers and other costs of the Corporation. Net insurance claims and provisions include \$27.0 million for claims paid during the year, offset by a decrease of \$15.9 million in the provision for outstanding claims.

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Current assets	572	5,364
Non-current assets	1,997	1,902
TOTAL ASSETS	2,569	7,266
Current liabilities	16,676	23,028
Non-current liabilities	53,231	67,858
TOTAL LIABILITIES	69,907	90,886
NET LIABILITIES	67,338	83,620

Outstanding claims liabilities decreased to \$69.7 million (\$85.7 million). The NSW Treasury has guaranteed to meet the payment of all approved claims.

CORPORATION ACTIVITIES

The Corporation's principal role is to administer the Building Insurers Guarantee Fund. The Fund was established under the *Insurance (Policyholders) Protection Legislation Amendment Act 2001* as a consequence of the collapse of the HIH Insurance Group in March 2001, which created a range of serious home warranty insurance difficulties for consumers, builders and developers in New South Wales. The Fund provides indemnity for homeowners to the same extent that would have applied under home warranty policies issued by the HIH Group.

The Corporation is managed and controlled by the Minister for Fair Trading.

Department of Commerce

AUDIT OPINION

The audits of the Department and its controlled entity's financial reports for the year ended 30 June 2007 resulted in unqualified Independent Auditor's Reports.

KEY ISSUES

Excess Flexitime and Annual Leave Balances - Repeat Issues

Last year we reported that numerous employees held flexitime credits significantly in excess of the maximum allowed under the Department's Flexible Working Hours Agreement. In response the Department implemented a strategy to reduce excess credits by the end of the flex year, in January 2007. Any excess balances at that time were to be forfeited and the flexitime balance reduced to 10 hours credit (the maximum allowed to be carried over at the end of each flex year).

Our follow up found the majority of employees' excess hours were reduced to ten hours at 21 January 2007. However, since January employees are again building up significant excess credits. The policy is quite clear in allowing a maximum of 45 credit hours to be carried forward from one settlement period (four weeks) to another. This is a key requirement of the policy and is largely being ignored by staff and supervisors.

We also reported that over 300 employees held annual leave balances in excess of 40 days, the maximum allowed under the Department's annual leave policy. The situation has worsened with approximately 600 employees with excess balances at the end of June 2007. The position was exacerbated through the transfer to Commerce of a number of the former Department of Natural Resources and NSWbusinesslink employees with 'excess' annual leave balances.

We are aware that more recently the Department's executive management have implemented strategies to address both the above issues. We will keep this matter under review.

Engagement of Long Term Contractors

There was a lack of policy and centralised control over the employment of long term contractors. The Department has engaged a number of contractors for lengthy periods, some continuously for up to 15 years through employment agencies. Documentation supporting the initial employment and subsequent contract extensions was poor. There was also a lack of centralised information about the number of contractors employed and the total amount paid annually.

The Department approved a policy for the engagement of contractors in October 2007. We believe this policy provides the necessary guidance to ensure the engagement of contractors is adequately documented, effectively managed and provides the most efficient method of service delivery. We will review the impact of the implementation of the policy in 2007-08.

Government Licensing System

We recommend the Department of Premier and Cabinet mandate a short revised implementation timetable for the Government Licensing System.

Full implementation of the Government Licensing System (GLS) is likely to be further delayed. The latest implementation timetable approved by the project steering committee (see table below) anticipated the GLS being fully operational by June 2008. This target will now not be met. The Department has attributed the need to again revise the GLS implementation to organisational complexities and the need for agencies to change their business processes so they align with the standard business processes in GLS. The continual delays in implementing the GLS reduce and postpone estimated savings and impact operating costs and revenues.

It is our perception that unless agencies are mandated to implement the necessary change processes as a priority, the further delay to full implementation of GLS could be significant.

The Department is in the process of preparing independent economic and financial appraisals for the project and on completion will refer a revised implementation timetable and funding requirements to Cabinet for approval.

A summary of the project is:

Key Parameter	Latest Estimate	Per Original Business Case 2001	Explanation for variance
Timeframe	7 years to 2008	4 years to 2005	Protracted negotiations, increased licence types, vendor delays, system complexities
Number of Licences (m)	4	2	Inclusion of larger agencies
Number of licence types	300	200	
Budget (\$m)	95	63	CPI adjustments, higher tender outcomes, agency implementation costs, increased central service provider costs
Agencies	19	27	Rationalisation of agencies, refinement of scope
Benefits (\$m)	94	69	Inclusion of larger agencies

The objective of the GLP project is to standardise and simplify licensing processes, support them with uniform legislation and deliver them through a single computerised licensing system. To date there are only 258,700 licence records on the GLS system (Office of Fair Trading 165,000, Office of Liquor Gaming and Racing 46,000 and Department of Environment and Climate Change 47,700). The Department advised that a further 114,000 Motor Vehicle Repair Industry Licences are due to be deployed on GLS in December 2007 and one million Maritime Authority licenses by mid 2008.

NSW Government Procurement Reforms

We recommend the Department of the Premier and Cabinet implement a review mechanism to ensure agencies comply with the Government's procurement reforms.

The Government introduced significant procurement reforms in 2006-07. All agencies, except State owned corporations, were required to use State Contract Control Board (SCCB) contracts from July 2006 and commence use of the eTendering website by June 2007. Major agencies were to commence eProcurement by June 2007.

Use of State Contract Control Board Contracts

The Department validated that estimated savings from the use of SCCB contracts in 2006-07 was \$482 million (\$464 million for 2005-06). Details shown in the table below compare the procurement of goods and services through SCCB contracts with the whole-of-government expenditure on goods and services.

Year ended	2005	2006	2007
Whole-of-government expenditure (\$m)	11,600	11,950*	12,309*
SCCB contracts (\$m)	3,300	3,410	3,600
SCCB contracts: whole-of-government expenditure (%)	28	29	29

Source: Department of Commerce.

* Estimate.

Total expenditure on state contracts \$3.6 billion, increased by 5.6 per cent over the previous year. Given the Government's requirement for all agencies (other than SOCS) to use State contracts from July 2006, the increase of 5.6 per cent is lower than expected and may suggest that agencies have not materially changed their spending behaviour.

eProcurement

NSW Procurement through the use of Smartbuy and eTendering has assisted agencies to improve procurement efficiencies by reducing costs and avoiding infrastructure duplication.

Key performance indicators relating to the use of Smartbuy are shown below:

Year ended 30 June	Actual		Target
	2006	2007	2007
Value of purchase orders (\$m)	109	224	220
Number of purchase orders ('000s)	23	44	50
Number of organisations trading	102	159	157

Source: Department of Commerce.

The requirements of Premier's Memorandum (PM) 2006-11 for all major agencies to participate in the electronic marketplace by June 2007, has resulted in a significant increase in the use and value of purchase orders placed through Smartbuy. The number of purchase orders placed increased by 93 per cent to 44,295, while the value of transactions increased by 106 per cent to \$224 million.

Despite the mandatory requirement of PM 2006-11 for all major agencies to participate in electronic procurement, six of the fourteen major agencies at 30 June 2007 had not implemented electronic procurement.

Key performance indicators relating to the use of eTendering are shown below:

Year ended 30 June	Actual		Target
	2006	2007	2007
Government tenders published on the eTendering system (\$m)	1,373	1,841	1800
Number of electronic tenders as a proportion of published government tenders (%)	99	99	99

Use of the eTendering website increased by 24 per cent during 2006-07. Despite the increase only 39 per cent of tender responses were lodged electronically by suppliers in 2006-07 suggesting that industry is not adopting electronic tendering at the same rate.

Of the identified 47 agencies required to adopt eTendering, eight agencies have yet to initiate implementation of the eTendering website.

PERFORMANCE INFORMATION

Office of Public Works and Services

Year ended 30 June	Actual		Target
	2006	2007	2007
Projects managed by the Department - completed on time (%)	93	89	95
Projects managed by the Department - completed within budget (%)	95	92	95
Satisfaction with asset solutions developed for clients (%)	83	88	80

Source: Department of Commerce.

The decrease in the percentage of projects completed on time was due to delays caused by wet weather periods exceeding the allowance, and late delivery and commissioning of specialist equipment.

Projects completed within budget were slightly lower than the previous year. This was due to changes in project scope initiated by clients, often in response to latent site conditions such as the discovery of hazardous material. Targets for 2008 were reduced to 85 per cent to bring them in line with industry benchmarks.

Office of Fair Trading (OFT) and Office of Industrial Relations (OIR)

Performance indicators for 2006-07 are shown below:

Year ended 30 June	Actual		Target
	2006	2007	2007
Fair marketplace			
Customers satisfied with Service (%)	90	90	90
Successful prosecutions (%)	86	95	90

Source: Department of Commerce.

The increase in the level of successful prosecutions from the previous year is typical of the fluctuations that should always be anticipated, as success depends not just on cases prepared by OFT but on court discretion in relation to the defendants' circumstances.

Year ended 30 June	Actual		Target
	2006	2007	2007
Fair and productive workplaces			
Enquiries and complaints satisfactorily resolved within targeted time frames (%)	90	92	85
Non-compliant employers who complied or were prosecuted within six months of notification (%)	87	87	85

Source: Department of Commerce.

The Department attributes the improvement in the resolution of enquiries and complaints partly to lower call volumes enabling faster handling of enquiries and staff becoming more skilled at resolving complaints at an earlier stage of investigation.

Office of NSW Procurement

Savings to Whole of Government (Procurement)

One of the key objectives of the Office of NSW Procurement is to achieve savings for the whole-of-government through:

- increasing aggregated purchasing opportunities
- reduced risk
- better asset management practices
- improved procurement practices
- greater contract compliance
- increased productivity.

Year ended 30 June	Actual		Target
	2006 \$m	2007 \$m	2007 \$m
Aggregated procurement cost savings from whole-of-government contracts not including duplication avoidance savings	464	482	479
Savings generated from whole-of-government period contracts as a result of avoiding duplication	39	41	41
	503	523	520
Process efficiency savings from eProcurement	22	40	20
Cost avoidance savings from other procurement services	30*	15	18
Savings to government achieved through the commerce master media and placement contracts compared to market media rates	32	44	34
Total Cost Avoidance Savings from Procurement	587	622	592
Cost Reduction Savings from Procurement from Strategic Sourcing Services	8	82	79
Total Cost Savings from Procurement	595	704	671

Source: Department of Commerce.

* Savings due to use of pre-qualified and selective tendering for construction projects was withdrawn for reporting, hence not included in 2007.

OTHER INFORMATION

We identified opportunities for the Department to improve some internal control procedures and accounting processes and we will report these to management. We will also work with the Department to improve the timing and content of working papers provided for audit in support of the financial statements.

People First - NSW Government ICT Strategic Plan

People First - NSW Government ICT Strategic Plan was released in July 2006. It establishes a framework for a consistent and coordinated government-wide approach to Information and Communications Technology (ICT) planning, expenditure and allocation of resources. People First is a key mechanism in delivering the State Plan and is expected to deliver savings of \$565 million from 2006-07 to 2009-10.

The Government Chief Information Office (GCIO) and NSW Government CIO Executive Council, comprising representatives from all major NSW Government agencies, are responsible for implementing and reviewing People First. There are 17 programs of work, each with a CIO working group, drawing on expertise and advice from over 90 agency ICT staff. During 2006-07 the GCIO and CIO Executive Council identified, scoped and/or initiated over 60 supporting projects to implement People First.

Capital ICT savings of \$52.0 million (target: \$50.0 million) and recurrent ICT savings of \$16.3 million (target: \$20.0 million) were identified in 2006-07. Capital savings arose from new standardised procurement arrangements for personal computers, laptops and file servers with recurrent savings delivered by new telecommunications service agreements.

Organisational Changes

Shared service functions of the former Department of Natural Resources, together with 132 employees, were transferred to the Department of Commerce with effect from 30 April 2007. The transfer also included assets totalling \$93.3 million and liabilities of \$15.9 million.

The former Department, NSWbusinessLink was abolished and the Office of BusinessLink was established as an office within the Department of Commerce with effect from 30 April 2007. The 573 employees of NSWbusinessLink were transferred to Commerce on the same date. Assets, \$21.4 million and liabilities, \$17.1 million also transferred.

Other changes included; 75 employees within the State Property Branch of the Department were transferred to the State Property Authority upon its establishment on 1 September 2007 and all 148 employees of the State Records Authority were transferred to the Department from 1 November 2006.

FINANCIAL INFORMATION

Abridged Consolidated Operating Statement

Year ended 30 June	Consolidated		Department	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Employee related expenses	330,178	308,978	327,702	306,653
Other operating expenses	146,424	145,174	143,401	141,835
Other expenses	250,685	177,149	250,074	176,554
TOTAL EXPENSES	727,287	631,301	721,177	625,042
Sale of goods and services	514,427	446,899	508,785	441,975
Other revenue	82,999	119,060	82,295	117,982
TOTAL REVENUE	597,426	565,959	591,080	559,957
(Loss) on disposal of non-current assets	(6,041)	(17,246)	(6,041)	(17,246)
NET COST OF SERVICES	135,902	82,588	136,138	82,330
Government contributions	174,729	159,598	174,729	159,598
SURPLUS BEFORE TAX	38,827	77,010	38,591	77,268
Income tax equivalent	--	4,183	--	4,183
SURPLUS AFTER TAX	38,827	72,827	38,591	73,085

Other operating expenses include cost of sales, \$12.4 million (\$16.8 million), operating lease payments, \$25.2 million (\$25.9 million) and computer expenses, \$24.4 million (\$19.1 million). Other expenses mainly comprise depreciation and amortisation, \$158 million (\$122 million), grants and subsidies, \$51.0 million (\$29.5 million), finance costs, \$30.9 million (\$24.4 million). The decrease in the prepaid superannuation asset resulted in an expense of \$6.5 million (revenue of \$52.1 million).

Sale of goods and services includes fees earned for project and asset management services, \$166 million (\$177 million), and motor vehicle leasing income, \$194 million (\$139 million). Other revenue included retained taxes, fees and fines \$54.5 million (\$44.0 million).

The decrease in losses on disposal of non-current assets is due to an improvement in the second hand vehicles market prices affecting sales of state fleet vehicles.

NSW Treasury no longer requires an income tax equivalent and dividend from Commerce as it is a budget dependent agency. It was considered that the income tax equivalent and dividend models were not appropriate for the Department. They were replaced with a model to transfer an agreed amount to NSW Treasury each year. The transfer for 2006-07 was \$8.8 million.

Abridged Consolidated Balance Sheet

At 30 June	Consolidated		Department	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current assets	719,848	613,654	717,646	611,160
Non-current assets	766,443	625,635	765,148	624,263
TOTAL ASSETS	1,486,291	1,239,289	1,482,794	1,235,423
Current liabilities	672,349	601,737	671,028	599,560
Non-current liabilities	272,961	220,372	272,549	220,214
TOTAL LIABILITIES	945,310	822,109	943,577	819,774
NET ASSETS	540,981	417,180	539,217	415,649

Current assets include cash of \$367 million (\$302 million) and receivables of \$249 million (\$202 million).

The increase in non-current assets is partly due to the asset transfer of \$81.9 million from the Department of Natural Resources and also because the Department is continuing to purchase motor vehicles under an arrangement with NSW Treasury and NSW Treasury Corporation (TCorp). Under the arrangement the Department purchases motor vehicles then leases them to government agencies.

The purchase of the motor vehicles is financed through borrowings from TCorp. This largely explains the increase in liabilities, which included borrowings of \$528 million as at 30 June 2007 (\$438 million).

Current liabilities also include \$64.3 million (\$46.3 million) representing advance billings to clients for construction projects, and \$98.9 million (\$120 million) owed to contractors for construction work completed but not paid by the Department.

Abridged Program Information

The Department's consolidated net cost of services by program is detailed below.

Year ended 30 June	2007		2006	
	Expenses \$'000	Revenue \$'000	Net Cost of Services \$'000	Net Cost of Services \$'000
Public works and services	406,508	387,578	18,930	(29,696)
NSW procurement	110,041	74,530	35,511	28,970
Fair trading	167,087	115,716	51,371	62,354
Industrial relations	20,814	787	20,027	20,702
Business and personnel services	22,768	12,469	10,299	--
Total all programs	727,218	591,080	136,138	82,330

DEPARTMENT'S ACTIVITIES

The Department of Commerce is a service provider and regulator dedicated to delivering better services to the public and a prosperous NSW.

The Department contributes to the NSW Government by delivering five priority results:

- maximising value for government agencies in delivering services to clients, customers and the community
- simplifying processes for dealing with Government
- promoting a fair marketplace for consumers and traders
- promoting fair and productive workplaces
- contributing to a credible, efficient and effective organisation.

For further information on the Department, refer to www.commerce.nsw.gov.au.

CONTROLLED ENTITY

The following controlled entity has not been separately reported on as it is not considered material by its size or the nature of its operations to the consolidated entity

Entity Name

The New South Wales Government Telecommunications Authority (Telco)

NSW Businesslink Pty Ltd

AUDIT OPINION

The audit of the Company's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

KEY ISSUES

Fee for Service

A fee for service pricing model for customers was implemented in July 2006 with the Board agreeing to analyse the pricing of services based on final customer volumes for the year. The analysis of the price/volume mix variance resulted in the Company issuing credit notes on 30 June 2007 totalling \$5.0 million to the Department of Community Services (DoCS), \$3.8 million to the Department of Aging, Disability and HomeCare (DADHC), and \$1.9 million to the NSW Department of Housing (DoH). Management has advised us the Board has agreed that in future this analysis will be performed every quarter.

During the year, the Company engaged an external provider to undertake a review of its pricing against comparable organisations in the government and private sectors. The benchmarking study found the majority of prices applied by the Company were within market range and most services were competitive. A range of potential reforms were recommended and the Company has implemented some of them.

Project Expenditure Reporting

The Company recognised project work in progress for the first time at 30 June 2007. Our review of these projects showed that some had overruns including:

- \$1.2 million on a \$3.1 million Workforce Management (WFM) billable project with DADHC
- \$780,000 on a \$5.4 million LAN Transition project with DoH.

Management advised us the overruns were in fact operational costs that should have been charged to cost centres rather than to these projects and therefore were not billed to the clients. Management presents a summary of the status on major projects to the Board each month. However, this report excludes individual project costs to-date versus budgets. We understand management has reviewed this issue and identified how reporting to the Board will be improved in 2007-08.

Transfer of NSWbusinesslink to the Department of Commerce

Under the Government's April 2007 administrative restructures NSWbusinesslink (the Department that provided all the personnel to the Company) was transferred into the Department of Commerce, including \$4.3 million of equity.

The Company is currently obtaining approval from the Department of Commerce and Treasury to transfer the \$4.3 million of equity from the Department of Commerce into the Company. This transfer should occur in 2007-08.

NSW State Government Guarantee

We recommend management identify and document the event or change in circumstances that would trigger a change in its classification from a 'not-for-profit' entity to a 'for-profit' entity.

For the purposes of maintaining the Company's solvency pursuant to section 95A of the *Corporations Act 2001*, the government issued a letter of comfort in June 2004 guaranteeing that it will, if necessary, provide funds or facilities to enable the company to meet its debts as and when they become due and payable.

The Company re-assessed its classification as a 'for-profit' or 'not-for-profit' entity during the year. Based on this analysis the Company deemed that it continued to be a 'not-for-profit' entity. The Company reviews its classification yearly to determine if there is a change in its status. This classification will impact some accounting treatments and disclosures in the financial report.

OTHER INFORMATION

We identified other opportunities for improvement to accounting and internal control procedures and have reported them to management. These include matching the timing of invoices for clients with billing schedules in project contracts/agreements.

FINANCIAL INFORMATION

Abridged Income Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Revenue from services	140,876	122,088
Grants from Government	--	5,390
Other	320	1,092
TOTAL REVENUE	141,196	128,570
NSW Businesslink fee for personnel services	40,417	37,919
Contractors	46,522	39,155
Information technology	12,519	6,956
Depreciation and amortisation	12,906	10,141
Telecommunication	8,376	10,602
Other expenses	15,600	18,292
TOTAL EXPENDITURE	136,340	123,065
PROFIT	4,856	5,505

Revenue from providing financial, human resources, information technology and property services to clients increased by \$18.8 million. The increase was largely due to the Company implementing the fee for service model in July 2006. This generated additional revenue of \$11.3 million and \$10.6 million from DADHC and the DOCS respectively, offset by a fall of \$1.3 million in revenue from DOH.

Contractor expenses and Information technology expenses increased in 2006-07 in line with increases in IT related services provided to its clients.

Depreciation and amortisation expenses increased due to management's review of the useful lives of the Company's 'developed project' assets. Amortisation was accelerated by \$1.7 million in 2006-07 of which \$1.4 million resulted from the useful lives of two assets being reduced from five to two years.

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Current assets	24,907	17,663
Non-current assets	31,062	37,649
TOTAL ASSETS	55,969	55,312
Current liabilities	39,138	29,661
Non-current liabilities	4,569	18,245
TOTAL LIABILITIES	43,707	47,906
NET ASSETS	12,262	7,406

Current assets include cash of \$8.0 million (\$9.2 million in 2005-06), receivables of \$13.9 million (\$8.4 million) and projects work in progress of \$3.0 million (nil). The increase in receivables is predominantly due to an increase in receivables from government entities of \$3.3 million and an increase in prepayments of \$2.0 million for licence fees on IT systems.

Non-current assets include plant and equipment with the major asset being computer software and hardware. The decrease in non-current assets is largely due to the accelerated amortisation of 'developed project' assets this year.

Current liabilities include \$15.2 million (\$21.8 million) payable to NSWbusinesslink for the employee services it provided, \$9.3 million (nil) borrowings from NSW Treasury Corporation (T-Corp), \$2.3 million (nil) advance received from DADHC and \$12.4 million (\$8.0 million) for trade creditors and accruals. The decrease in non-current liabilities is attributable to the repayment of \$13.5 million in Treasury Advances replaced by a \$9.3 million loan from T-Corp.

ENTITY ACTIVITIES

NSW Businesslink Pty Ltd is a State Government-owned Company established under the *Corporations Act 2001*. NSW Businesslink Pty Ltd is the shared corporate service provider for administrative services, such as human resources, property and records management, information technology services and other financial services, for DoH, DoCS and DADHC. It has been established to support these agencies in their service delivery by providing more efficient and better services through economies of scale, productivity gains and process improvements.

NSW Businesslink Pty Ltd shareholders are the Treasurer and the Ministers for the participating agencies.

Rental Bond Board

AUDIT OPINION

The audit of the Board's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

FINANCIAL INFORMATION

Abridged Income Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Administration services	21,945	19,094
Other expenses	44,448	23,184
TOTAL EXPENSES	66,393	42,278
TOTAL REVENUE	42,459	38,991
LOSS	23,934	3,287

Administration services expenses comprised an administrative assistance charge of \$21.9 million (\$19.1 million in 2005-06) by the Office of Fair Trading. Other expenses included grants for Tenancy Services, \$30.5 million (\$10.1 million), the Consumer Trader and Tenancy Tribunal, \$9.2 million (\$8.6 million) and the Tenants' Advice and Advocacy Program, \$4.0 million (\$3.6 million). The increase in Tenancy Services is due to a grant of \$30.0 million paid to the New South Wales Department of Housing for Stage Two of the Affordable Housing Initiative. Stage One was funded for \$9.9 million in 2005-06.

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Current assets	12,970	18,113
Non-current assets	7,259	26,091
TOTAL ASSETS	20,229	44,204
Current liabilities	157	198
Non-current liabilities	--	--
TOTAL LIABILITIES	157	198
NET ASSETS	20,072	44,006

The decrease of \$24.0 million in total assets is mainly due to the payment of \$30.0 million in Affordable Housing Initiative Stage Two grants.

Rental Bonds

A total of 280,000 (288,000) rental bond lodgements and 266,000 (271,000) refunds were processed during the year leaving 628,000, (615,000) bonds held at year-end, an increase of 2.1 (2.8) per cent.

Rental Bonds held at year-end are invested as follows:

At 30 June	2007 \$'000	2006 \$'000
NSW Treasury Corporation hour-glass cash facility trust	48,360	22,578
Direct fixed interest portfolio	646,114	626,121
Private shared equity scheme	2,023	2,252
	696,497	650,951

BOARD ACTIVITIES

The Board is constituted by the *Landlord and Tenant (Rental Bonds) Act 1977*. The Act requires landlords and agents to deposit rental bond moneys for privately rented premises within New South Wales with the Board.

The Board acts as an independent custodian. Its principal objective is to provide tenants and landlords with equitable access to rental bonds at the termination of the tenancy. The Board is subject to the control and direction of the Minister for Fair Trading.

State Records Authority of New South Wales

AUDIT OPINION

The audit of the Authority's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

PERFORMANCE INFORMATION

The Authority provided the following information regarding its performance:

Year ended 30 June	2004	2005	2006	2007
Records in storage (metres)	322,000	336,000	348,000	<i>373,737</i>
Number of file retrieval operations	325,501	291,269	312,095	<i>321,216</i>
Number of catalogued record items discoverable online	108,346	142,862	174,242	<i>205,460</i>
Number of website visits*	--	--	--	<i>976,382</i>

* Previous years statistics not comparable (and not included) due to change in basis of gathering statistics.

In 2006 we reported that the Authority expected to complete high level cataloguing of State Archives received up to 1990 (and listed in previous finding aids) by December 2007. That time frame has now been revised to June 2008. This work will cover in excess of 90 per cent of the State Archives received up to 1990 - the remainder being in the form of unprocessed/semi-processed accessions, often with minimal or no description. The Authority told us that without additional resources, there is no prospect of cataloguing the remaining ten per cent of items in the foreseeable future. In terms of priorities, existing resources will be fully occupied in dealing with current and recent transfers.

OTHER INFORMATION

We identified opportunities for improvement to accounting and internal control procedures. We will discuss these with Authority staff and where appropriate report them to management.

FINANCIAL INFORMATION

Year ended 30 June	2007 \$'000	2006 \$'000
Government contributions	<i>6,239</i>	5,989
Other revenue	<i>10,376</i>	9,160
Personnel services expenses	<i>9,675</i>	9,253
Other expenses	<i>5,811</i>	5,607
Surplus	<i>1,129</i>	289
Net assets (at 30 June)	<i>42,563</i>	41,434

The administration of the *State Records Act 1998* was transferred from the Minister for the Arts to the Minister for Commerce on 1 November 2006. As a result personnel services to the Authority are now provided by the Department of Commerce.

ENTITY ACTIVITIES

The Authority, established under the *State Records Act 1998*, is responsible for the custody and control of the State archives and for improving records management across the public sector.

The Authority is subject to the control and direction of the Minister for Commerce.

For further information on the Authority, refer to www.records.nsw.gov.au.

Minister for Community Services

Department of Community Services

Department of Community Services

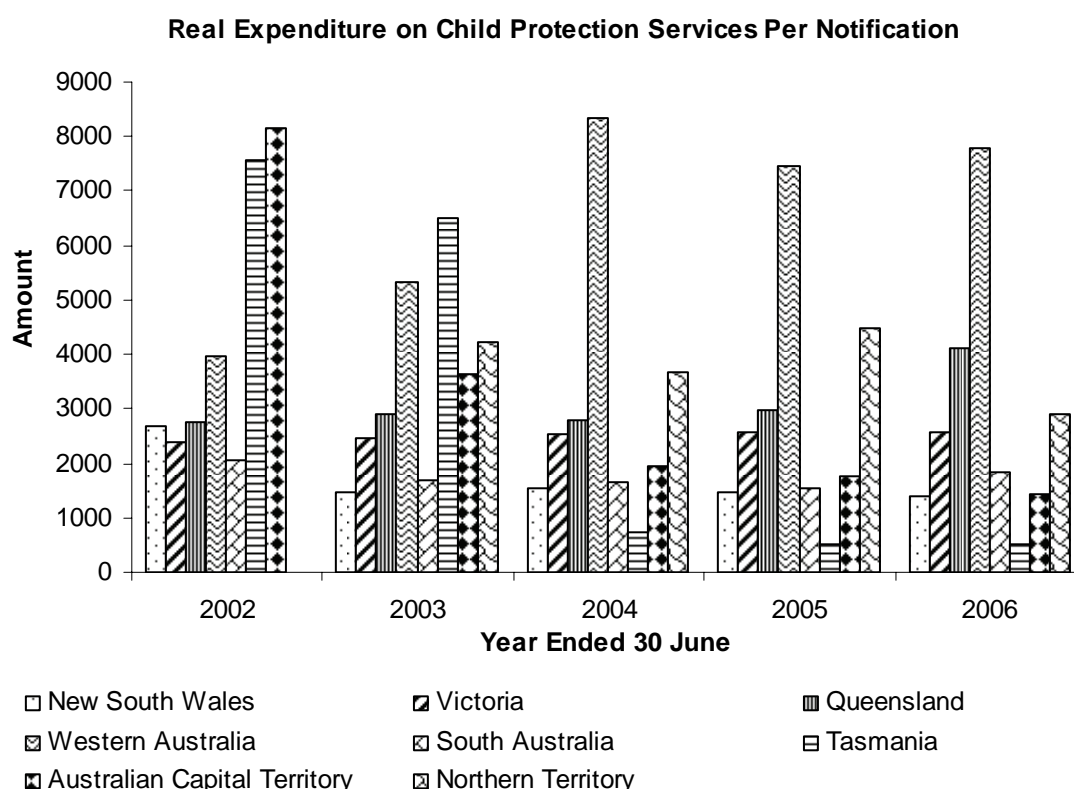
AUDIT OPINION

The audit of the Department's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

PERFORMANCE INFORMATION

Real Recurrent Expenditure on Child Protection Services per Notification

This expenditure continues to vary greatly between the States. The following graph shows the costs for States and Territories for the period 2001-02 to 2005-06.



Source: Productivity Commission Report on Government Services 2007.

Notes

- The number of notifications is not directly comparable across jurisdictions. Jurisdictions count notifications at different points in response to a report, ranging from the point of initial contact with the source of the report to the end of a screening and decision making process.
- The data needs to be interpreted with care. This data is based on total expenditure on child protection activities; they do not represent and cannot be interpreted as unit costs for notifications.
- NSW data from 2002-03 onwards are not comparable with data from previous years. NSW provided limited data for 2003-04 due to the introduction of a new client information system.
- No data was available for Northern Territory for 2001-02.

In New South Wales, the expenditure on child protection services per notification has progressively decreased over the last five years from \$2,671 in 2001-02 to \$1,383 in 2005-06. Western Australia had the highest expenditure per notification in 2005-06, \$7,778 while New South Wales was the second lowest.

Child Protection Notifications, Investigations and Substantiations for Children Aged 0-16 Years

Year Ended 30 June 2006	NSW	National	NSW Ranking amongst all States and Territories (ii)	NSW Ranking Previous Year (ii)
Children Aged 0-16 Years in Notification (Rates per 1000 children)				
Indigenous (i)	181.2	100.9	7	6
Non-indigenous	50.9	33.4	6	7
All children	56.2	36.5	6	7
Children Aged 0-16 Years in Finalised Investigations				
Indigenous %	57.2	57.1	6	1
Non-indigenous %	42.0	43.1	6	2
All children %	44.1	44.7	6	2
Children Aged 0-16 Years in Substantiations				
Indigenous %	42.7	51.2	2	1
Non-indigenous %	32.2	45.1	1	1
All children %	33.9	46.6	1	1

Source: Productivity Commission Report on Government Services 2007.

(i) Data on the number of notifications should be interpreted with care. Data are collected very early in the child protection process and often before the agency has full knowledge of the child's family circumstances. As a result of this lack of full knowledge and other inherent difficulties in identifying indigenous status, the data are not considered to have a high level of reliability.

(ii) Ranking: 1 is lowest and 8 is highest.

In 2005-06, the New South Wales' rate of notifications per 1000 children was higher than the national average for both indigenous and non-indigenous children. There was a slight decrease in the non-indigenous ranking from seventh in 2004-05 to sixth in 2005-06, when compared with other States and Territories. For all children, New South Wales had the third highest rate of notifications compared to other jurisdictions.

Only 44.1 per cent of notifications for all children in New South Wales resulted in a finalised investigation. This was below the national average of 44.7 per cent. In comparison with other jurisdictions, New South Wales had the sixth highest rate of finalised investigations. The overall percentage finalised for indigenous and non-indigenous children, however, declined from rankings one and two respectively in 2004-05 to sixth in 2005-06.

In New South Wales 12,627 children aged 0-16 years were the subject of substantiation in 2005-06 (9,198 in 2004-05). However only 33.9 per cent (34.1 per cent) of investigations were substantiated compared to 69.8 per cent in Victoria and 59.9 per cent in Queensland. If an investigation results in substantiation, intervention by the Department may be needed to protect the child.

A comparison of child protection notifications between Indigenous and non-Indigenous children shows significant gaps. In 2005-06 there were an additional 130.3 indigenous children per 1000 children in New South Wales that were the subject of a notification when compared to non-indigenous children. The rate of children who were the subject of substantiation was 42.7 per cent for Indigenous and 32.2 per cent for non-indigenous children.

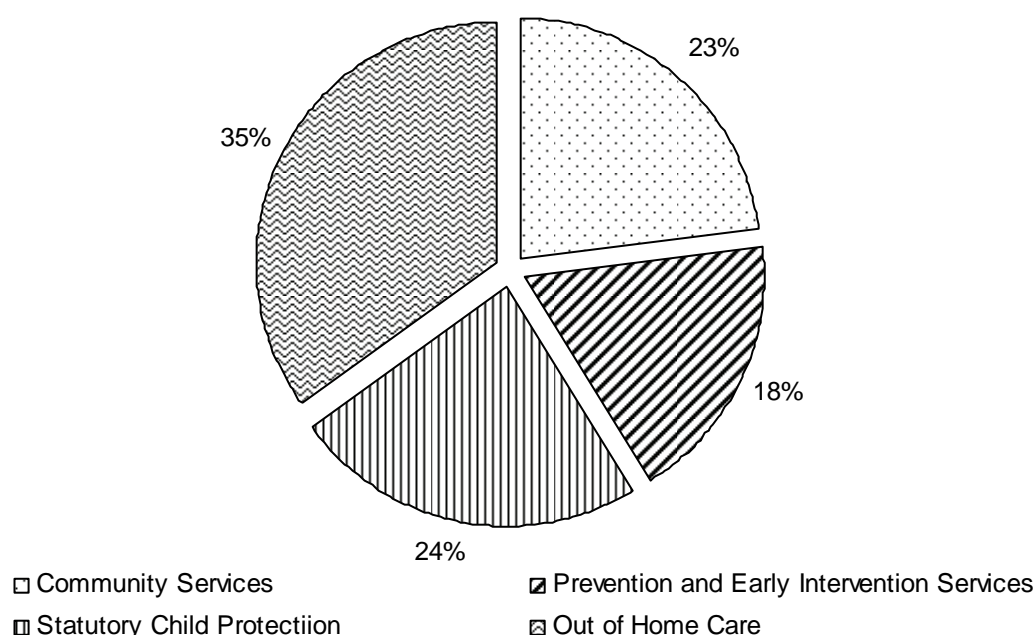
Services Provided by the Department

The Department's primary role is to promote and enhance the safety and wellbeing of children, young people and their families and to provide services that support and strengthen the community. In 2006-07 the Department delivered its services under four programs:

- Community Services
- Prevention and Early Intervention Services
- Statutory Child Protection
- Out-of-Home Care (OOHC) and Adoption Services.

The graph below shows how the Department's total expenditure of \$1.1 billion in 2006-07 (\$1.0 billion) was distributed in conducting these programs.

Services Provided by the Department in 2007



Source: Department of Community Services (DOCS) audited Financial Report 2007.

The performance information reported below under each of the four program headings does not include 2006-07 data as it was unavailable at the time of preparing this report.

Community Services

The Department provides general community support, including disaster welfare assistance and transitional support and accommodation services to children, young people and adults who are homeless or at risk of homelessness.

In 2005-06, the Department provided supported accommodation assistance to 25,300 people (24,150 in 2004-05). The Department delivered this program via 387 (386) non-government organisations.

The Community Services Grants Program is aimed at improving the resilience and safety of disadvantaged children, young people, families and communities. In 2005-06 the Department provided \$71.2 million (\$72.6 million) to 994 (1,005) projects operated by non-government organisations and local councils. The services focused on addressing the risks and crises that threaten to undermine the effective development of children and young people in New South Wales.

During 2005-06 the Department responded to 32 natural disasters and other disasters across New South Wales, providing \$900,000 in assistance to individuals.

Violence against Women and Children

The Domestic Violence line received 22,294 calls in 2005-06. This is an increase of 18.7 per cent on the previous two years. Violence inside and outside the family is a major issue in New South Wales that affects women and children in particular. More than a quarter of all reports to the Department's Helpline concern children at risk of harm because of domestic violence.

Prevention and Early Intervention Services

The Department provides funds for the delivery of early childhood and related services for children, including licensing and monitoring of child care services. Improving access to childcare can help prevent problems in families that may lead to child abuse. These services also assist with children's development, and help them start school on a level playing field.

Statistics relating to children's services are provided below.

Year ended 30 June	2004*	2005*	2006*
Number of funded children's services	1,680	1,663	<i>1,641</i>
Estimated funded places per day	46,340	46,319	<i>46,132</i>
Licensed children's services	3,105	3,174	<i>3,236</i>
Estimated licensed places per day	128,302	133,217	<i>138,648</i>
Number of children aged 0-5 years who attended funded licensed children services	70,027	66,748	<i>69,691</i>
Number of children from low income families for whom child care fees were reduced	15,000	13,457	<i>12,435</i>
Total funds expended on Prevention and Early Intervention Services (\$'000)	97,053	102,228	<i>121,564</i>

Source: * DOCS Annual Report 2006.

The number of children's services funded by the Department, including preschools, childcare, occasional care, mobile services and multipurpose centres, has slightly decreased over the last three years.

The availability of places per day has grown by 8.1 per cent during the past three years. This growth is primarily in centre-based services.

Total expenditure incurred on Prevention and Early Intervention Services has significantly increased since 2004-05. The Department advised that this was largely due to improvements being made to existing services.

Statutory Child Protection

Departmental responsibilities in this area include: responding to reports of child abuse and neglect; assessing and investigating reports; developing case plans; and initiating and supporting court action. The Department also works with other agencies to ensure that the safety, welfare and wellbeing of children are assured.

The table below provides some statistics relating to child protection.

Year Ended 30 June	2004	2005	2006
Total child protection reports	185,198	216,386	241,003
Rate per 1,000 children and young people who were subject of a report	59.2	64.1	68.8
Rate per 1,000 children and young people who were subject of a report requiring further assessment	46.2	50.1	54.8
Number of reports referred for further investigation	121,368	140,184	160,842
Number of referrals accepted	3,338	3,620	3,338
Volume of calls answered by Helpline	79,745	93,691	109,340
Average waiting time (minutes)	5.43	3.57	3.49

Source: DOCS Annual Report 2006.

Total child protection reports have increased by 30.1 per cent since 2003-04. Departmental statistics indicate that one in every five children will be reported to the Department at some point before they turn 18 years of age.

Since 2004, the number of calls answered by Helpline has increased by 37.1 per cent. The average waiting time per call however, has decreased by almost two minutes. The Department advised that the creation of extra child protection caseworker positions has been a contributing factor in this area. Further recruitment is expected to take place over the next year.

In response to the increasing rate of reported child abuse and neglect, the Department has commenced a major review of the child protection system to increase the efficiency and effectiveness of its work with children, young people and families. Work under the child protection reform project is one of the key priorities for 2007-08, as well as being part of the New South Wales' Government State Plan.

Out-of-Home Care (OOHC) and Adoption Services

The Department provides children and young people with a safe, stable, culturally appropriate environment in which they can develop optimally when they cannot live at home. The Department provides a range of OOHC options, including foster care and kinship care for children separated from their parents, monitoring and reviewing of placements and recruiting and supporting carers.

The table below shows annual real expenditure incurred by the Department on OOHC, the number of children and young persons in OOHC, and the cost per child over the last five years.

Year ended 30 June	2003	2004	2005	2006
Annual Real Expenditure (\$'000) (i)	247,920	290,956	291,845	295,938
Number of children and young persons in OOHC	10,059	10,337	10,041	10,623
Cost per child (\$)	24,647	28,147	29,065	27,858

Source: DOCS statistics.

Notes: The figures are not adjusted for inflation to real dollars.

(i) The Department advised that annual real expenditure is not directly comparable to OOHC expenditure recorded in the audited financial statements. That is because the annual real expenditure, which is reported to the Productivity Commission, is captured using a different methodology.

The Department advised that the increase in the number of children and young people in OOHC is a result of a rise in the number of notifications or reports to Helpline; more reports being referred for further assessment; as well as an increase in the number of caseworkers who can now investigate a greater number of abuse reports. As a result, the Department is identifying more children who are unable to live safely at home and require an OOHC placement.

Since 2002-03 annual real expenditure on OOHC care has significantly increased from \$248 million to \$296 million in 2005-06. The cost per child in OOHC care has also increased by 5.6 per cent during the same period. The increases reflect additional funding received by the Department to expand services in OOHC care, including improved services for children and young people who cannot live safely at home. In December 2002, the government provided the Department with a five year funding package. As at 30 June 2007 the Department had received and spent \$394 million in additional funding.

OTHER INFORMATION

We identified opportunities for improvement to accounting and internal control procedures and have reported them to management.

Overpayments of Out of Home Care and Contingency Payments

In the past we reported that overpayments of OOHC allowances and contingency payments may occur due to deficiencies in internal controls. In October 2006, the Department introduced additional system controls in the Client Information System (KIDS) to prevent these overpayments from occurring, and to enforce compliance with business rules. However, we found that the control environment may still allow overpayments to occur, particularly where case reviews have not been performed at appropriate intervals, and where caseworkers have not been assigned to a case.

Departmental statistics indicate that the level of overpayments has reduced considerably since the introduction of the new controls. Management reviews show that the maximum level of overpayments prior to the introduction of the controls would be unlikely to exceed \$1.6 million, in the four months to October 2006. This compares to \$200,000 after the introduction of the controls, for the remaining eight months to 30 June 2007 (\$1.8 million in total in 2005-06).

Out of Home Care Policies and Guidelines

In October 2006, OOHC allowance rates were revised to more closely align to the costs of raising children, and to address concerns raised by foster carers. The new rates were based on independent research conducted by the Social Policy Research Centre on the costs of raising foster children. Prior to this change the Department's policies and guidelines required payment to carers to be reduced where a child turned 15 years of age, and was in receipt of a Commonwealth payment. This policy was difficult to administer and according to the Department led to frustration on the part of foster carers. This was because the payment was made to the child or young person, whereas the deduction was applied to the allowance paid to the carer. In addition, the deductions made at the discretion of caseworkers were not applied equitably between different carers. The new policy does not require a deduction to allowance rates from these Commonwealth payments, which the Department considers is consistent with this research. Whilst the policy change will result in additional costs to the Department, it considers this will be offset by improved carer arrangements, and potential costs of re-establishing care where breakdown in relationships occur.

Payroll (Repeat Issue)

In past years we reported a number of issues relating to payroll management, including inconsistent application of staff establishment and payroll costing reviews, and leave taken but not recorded in the leave system. In response to our 2006 management letter, the Department advised that it had developed an action plan to address these issues. However, we again noted the same issues during our reviews in 2006-07.

In relation to the leave issue, the Department has advised that following a full audit of its leave and attendance records, it has reinforced the importance of processes and responsibilities for the maintenance by staff of leave records. A project has also been established to update leave records and to recoup any over payments.

Workers' Compensation Claims

Year ended 30 June	2005	2006	2007
Total number of claims lodged	213	210	192
Number of working days lost*	15,459	13,364	4,714
Number of stress claims lodged	63	57	38
Number of working days lost due to stress claims*	5,671	4,379	1,256

Source: DOCS Statistics.

* 2007 figures exclude null and CTP claims.

The number of workers' compensation claims has decreased by 9.9 per cent during the last three years. The Department attributed this to the introduction of a comprehensive safety program, including extensive training in occupational health and safety awareness for all staff.

State Plan

The Department is the lead organisation for two priority actions under the New South Wales' Government State Plan. Priority F6, increased proportion of children with skills for life and learning at school entry, and Priority F7, reduced rates of child abuse and neglect.

The Department's focus in 2006-07 for the two priorities was the establishment of action plans in conjunction with partner agencies. The Department told us it will start implementing these plans, and reporting on progress, in 2007-08.

FINANCIAL INFORMATION

Abridged Operating Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Employee related	305,092	264,436
Grants and subsidies	678,161	613,567
Other expenses	150,530	128,502
TOTAL EXPENSES	1,133,783	1,006,505
Grants and contributions	1,969	8,456
Other revenue	10,916	12,719
TOTAL REVENUE	12,885	21,175
Gain/(loss) on disposal of non-current assets	69	(438)
NET COST OF SERVICES	1,120,829	985,768
Government contributions	1,106,295	1,000,286
(DEFICIT)/SURPLUS	(14,534)	14,518

The increase in employee related expenses is largely due to an increase in salary rates resulting from award increases, as well as a rise in staff numbers.

The increase in grants and subsidies expenses reflects additional funding received by the Department in 2006-07 of \$17.0 million for services to assist vulnerable and at-risk families under the early intervention program, including quality childcare, sustained home visiting and parental education; and \$52.2 million for out-of-home care, including funding for improved placement options and services available to children and young people who cannot live at home.

Other expenses increased partly due to a \$9.2 million increase in shared services costs, and higher rental expenses following the rise in staff numbers.

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Current assets	24,189	25,911
Non-current assets	143,579	133,441
TOTAL ASSETS	167,768	159,352
Current liabilities	66,569	49,117
Non-current liabilities	11,033	8,750
TOTAL LIABILITIES	77,602	57,867
NET ASSETS	90,166	101,485

The rise in current liabilities is largely due to an increase in payables of \$13.1 million.

Abridged Program Information

The Department's net cost of services on a program basis is detailed below:

Year ended 30 June	2007		2006	
	Revenues \$'000	Expenses \$'000	Net Cost of Services \$'000	Net Cost of Services \$'000
Community Services	4,539	264,152	259,613	259,724
Prevention and Early Intervention Services	570	202,743	202,173	167,837
Statutory Child Protection	4,528	275,714	271,186	238,183
Out-of-Home Care and Adoption Services	3,317	391,174	387,857	320,024
Total all programs	12,954	1,133,783	1,120,829	985,768

DEPARTMENT ACTIVITIES

The Department administers a large portion of the State's community welfare programs. The programs provide assistance to disadvantaged or vulnerable families and children, adolescents and communities, based on the *Community Welfare Act 1987* and related legislation.

For further information on the Department, refer to www.community.nsw.gov.au.

Minister for Education and Training

Office of the Board of Studies

Teacher Housing Authority of New South Wales

Refer to Appendix 1 for:

CHEC English Language Centre

Uniprojects Pty Limited

Universities Admissions Centre (NSW & ACT) Pty Limited

Office of the Board of Studies

AUDIT OPINION

The audit of the Office's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

OTHER INFORMATION

We identified opportunities for improvement to accounting and internal control procedures and have reported them to management.

FINANCIAL INFORMATION

Year ended 30 June	2007 \$'000	2006 \$'000
Revenue	7,975	5,321
Employee related expenses	76,848	72,511
Other expenses	24,105	23,229
Net cost of services	92,978	90,419
Government contributions	92,390	88,301
Net assets (at 30 June)	8,241	8,829

OFFICE ACTIVITIES

The Office is responsible for developing and delivering professional and administrative services to the Minister for Education and Training, the Board of Studies and its committees. This includes developing and supporting NSW curriculum, registering and accrediting non-government schools, registering home schooling and assessing and examining students for the NSW School Certificate and Higher School Certificate (HSC). The Office carries out functions delegated to it by the Board of Studies, including employing staff to run the HSC. The Office bears the cost of carrying out those functions and does not charge the Board for those services.

The Office also includes the Australian Music Examinations Board (NSW) and the Aboriginal Education Consultative Group. It was established as a department in 1995 under the *Public Sector Management Act 1988*.

For further information on the Office of the Board of Studies, refer to www.boardofstudies.nsw.edu.au.

Teacher Housing Authority of New South Wales

AUDIT OPINION

The audit of the Authority's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

FINANCIAL INFORMATION

Abridged Income Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Revenue	14,673	14,397
Expenses	13,086	12,790
Surplus	1,587	1,607

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Current assets	6,008	4,169
Non-current assets	141,037	112,161
TOTAL ASSETS	147,045	116,330
Current liabilities	1,707	1,714
TOTAL LIABILITIES	1,707	1,714
NET ASSETS	145,338	114,616

Revenue included \$9.1 million rental income (\$8.9 million in 2005-06) and \$5.1 million (\$4.9 million) State Government Contributions.

Expenses include property maintenance and property rates \$6.8 million (\$6.9 million), depreciation \$2.5 million (\$2.5 million) and personnel services \$1.9 million (\$1.7 million).

Current assets include \$5.6 million (\$3.9 million) in cash and investments.

The non-current assets balance increased due to a revaluation of land and buildings in 2006-07 of \$29.1 million.

OTHER INFORMATION

At 30 June 2007 the Authority's property portfolio comprised 1,266 properties (1,264), consisting of 547 houses (551), 686 villa units (678) and 33 vacant allotments (35). In addition, the Authority manages 268 (272) school residences on behalf of the Department of Education and Training.

AUTHORITY ACTIVITIES

The Authority's principal function is to provide and maintain suitable and adequate housing accommodation for teachers.

The Authority is a statutory body under the *Teacher Housing Authority Act 1975*.

The Authority operates under the control and direction of the Minister for Education and Training.

For further information on the Authority, refer to www.tha.nsw.gov.au.

Minister for Emergency Services

New South Wales Fire Brigades

New South Wales Rural Fire Service

State Emergency Service

New South Wales Fire Brigades

AUDIT OPINION

The audit of the Brigades' financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

KEY ISSUES

Non-compliance with the Brigades' Flexible Working Hours Agreement

A number of employees within the Brigades have built up substantial levels of flexitime credits. These levels significantly exceed the maximum accumulated hours allowed under the Brigades' Flexible Working Hours Agreement (the Agreement). The highest level of 'excess' credits held by an employee was 1,290 hours in May 2007.

On retirement or transfer to another agency the Brigades needs to consider its obligations with respect to this excess flexitime. We understand one employee was paid out over 600 flexitime hours on separation.

These issues were formally raised with the Brigades. Management has responded positively to our recommendations and has set a timeframe of 12 months for employees to reduce excess credit hours to within the limits included in the Agreement. This matter will be kept under review.

Excess Annual Leave Entitlements

We recommend the Department implement a strategy to reduce excess annual leave and investigates the high annual leave balances held by firefighters.

Numerous administrative and trades staff hold annual leave balances in excess of 40 days, the maximum allowed under the Department's annual leave policy. In addition, both retained and permanent firefighters hold significant annual leave balances even though they are required to take the full complement of annual leave each year.

PERFORMANCE INFORMATION

The Brigades use the following indicators to monitor activity levels and operational performance.

Total Incidents

The Brigades responded to 138,021 incidents during the year (134,689 in 2005-06), of which 24 per cent (27 per cent) were actual fires.

Incidents per 100,000 Population

Total incidents per 100,000 head of population increased to 2,108, up from last year's 1,988.

Median Dollar Loss for Structural Fires

The median dollar loss for structural fires over the last three years has remained low at \$2,000. Loss of property is one measure of the effectiveness of the Brigades' response and the impact of fire safety campaigns.

Structure Fires Confined

The percentage of structure fires confined to the object and room of origin in 2006-07, 69 per cent (69 per cent) is consistent with last year.

Number of Homes Fitted with Smoke Alarms

The Brigades' figures show that 86.9 per cent of New South Wales homes were fitted with smoke alarms at 31 December 2006, up from 76.9 per cent at 30 June 2006. The number of homes fitted with smoke alarms is one measure of the effectiveness of the Brigades' community education and awareness program.

Other Statistics

Total Number of	2003	2004	2005	2006	2007
Personnel:					
Permanent fire fighters (a)	3,214	3,242	3,250	3,369	3,420
Retained fire fighters (a)	3,249	3,275	3,197	3,177	3,237
Full time support and co-ordinating staff (a)	331	340	363	364	328
Community fire units (a)	225	250	292	314	337
Fires attended (b)	35,286	32,378	33,222	35,781	33,118
Fleet (all vehicles) (a)	858	875	882	929	928
New fleet units brought into operational service (b)	59	52	24	61	41

(a) as at 30 June.

(b) year ended 30 June.

OTHER INFORMATION

Computer Processing Environment Issues

Our review of the computer processing environment indicated that there were a number of control weaknesses within the Information Technology control framework, especially in the areas of security and change management.

Deficiencies in Year-end Financial Reporting Processes

As in the prior year, a significant delay in obtaining the actuarial assessment of the Brigades' Firefighting Staff Death and Disability liability resulted in a material adjustment to the financial report submitted to the Audit Office on 13 August 2007. The amended financial report was submitted to the Audit Office on 17 October 2007.

Death and Disability Entitlements

In 2003, the Brigades agreed to fund retrospective death and disability entitlements for firefighters. To fund these off duty death and disability entitlements under the Crown Employees (NSW Fire Brigades Firefighting Staff Death and Disability) Award 2003 (the Award), the Brigades obtained a variable interest rate line of credit of up to \$25.0 million from NSW Treasury Corporation (TCorp). The Brigades agreed to make regular principal repayments over a ten-year maximum period from the date of the initial drawdown. In 2006-07 the Brigades completed repayment of the line of credit (\$776,000 at 30 June 2006).

The NSW Fire Brigades Firefighting Staff Death and Disability Superannuation Fund was established to fund post 2003 death and total and permanent incapacity benefits to firefighting employees of the Brigades as provided under the Award.

The Award provides benefits to fire fighters if they suffer an on-duty or off-duty injury which results in death or total and permanent incapacity or partial and permanent incapacity. The Brigades (employer) and firefighters (employees) make contributions to the fund as required by the Award.

Employee contributions are paid to the fund's administrator and insurer Suncorp/GIO. Benefits arising from claims associated with death or total and permanent incapacity are paid by the insurer.

Employer contributions are retained by the Brigades, used to pay benefits associated with partial and permanent incapacity and to provide a reserve to meet any deficiencies in the funds administered by Suncorp/GIO. The funds are invested with TCorp, and at 30 June 2007 the balance of this investment was \$13.9 million (\$13.0 million).

The 2006-07 actuarial valuation of the Brigades' death and disability obligations to the fund resulted in a decrease in the provision for death and disability benefits to \$16.7 million (\$22.1 million).

FINANCIAL INFORMATION

Abridged Income Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Employee related	402,989	390,555
Other expenses	97,588	95,588
TOTAL EXPENSES	500,577	486,143
TOTAL REVENUE	45,547	31,207
NET COST OF SERVICES	455,030	454,936
Government contributions	486,479	458,072
SURPLUS	31,449	3,136

The increase in employee related expenses is mainly due to additional staff and higher award rates, offset by an \$11.1 million decrease in death and disability scheme expenditure to \$7.2 million (\$18.3 million).

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Current assets	105,003	97,160
Non-current assets	433,881	419,101
TOTAL ASSETS	538,884	516,261
Current liabilities	72,637	74,824
Non-current liabilities	16,667	22,876
TOTAL LIABILITIES	89,304	97,700
NET ASSETS	449,580	418,561

Current assets included cash and cash equivalent of \$90.1 million (\$82.7 million).

Non-current liabilities decreased by \$6.2 million, mainly due to a \$5.4 million decrease in the Brigades' liability for death and disability benefits.

Fleet Replacement Program

The fleet replacement program is an ongoing program that aims to reduce the average age of the Brigades' fleet. The Brigades also plan to replace all fully depreciated fire appliances by 2011. The following table details the Brigades' annual expenditure on the program.

Year ended 30 June	2003 \$'000	2004 \$'000	2005 \$'000	2006 \$'000	2007 \$'000
Fleet Replacement Program	18,518	15,435	15,037	10,260	13,273

Abridged Program Information

The following table details the Brigades' net cost of services on a program basis:

At 30 June	2007			2006
	Revenues \$'000	Expenses \$'000	Net Cost of Services \$'000	Net Cost of Services \$'000
Operation and maintenance of brigades and special services	40,959	470,375	429,416	431,248
Fire brigade training and development	1,319	17,553	16,234	14,584
Investigation, research and advisory services	3,269	12,649	9,380	9,104
Total all programs	45,547	500,577	455,030	454,936

BRIGADES' ACTIVITIES

The Brigades' principal objectives are to:

- take all practicable measures to prevent and extinguish fires
- protect and save life and property in case of fire
- perform non-fire rescues
- act as the 'combat agency' at the scene of hazardous materials incidents.

The Brigades was established under the *Fire Brigades Act 1989*.

For further information on the Brigades, refer to www.nswfb.nsw.gov.au.

New South Wales Rural Fire Service

AUDIT OPINION

The audit of the Service's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

PERFORMANCE INFORMATION

The effectiveness and efficiency of the Service depends on the number of trained fire fighters and the number and types of fire fighting equipment available.

Year ended 30 June	2003	2004	2005	2006	2007
Resources available					
Personnel:					
Unpaid volunteers (number at the end of the year)	67,058	69,375	70,964	70,745	71,441
Full time support and coordinating staff (EFT number)	570	601	649	680	685
Active fire fighters competent to bush firefighter status or higher (%)	87	85	87	85	85
Trainers accredited in the year (number)	166	161	100	32	47
Community based bush fire brigades (number)	2,099	2,094	2,069	2,100	2,077
Number of tankers supplied or refurbished in the year	235	235	210	230	258

The overall number of fire and related incidents recorded by the Service, as shown below, has increased over the past year.

Year ended 30 June	2003	2004	2005	2006	2007
Total incidents					
Bushfire	5,642	1,764	2,659	2,865	3,361
Grassfire	2,054	3,844	3,533	3,888	3,420
Building fire	671	203	949	951	929
Vehicle fire	1,412	1,491	1,166	1,525	1,423
Motor vehicle accident	2,914	3,152	2,289	3,225	3,415
False alarms	1,446	1,271	1,896	2,028	1,874
Other incidents	6,242	7,084	4,850	5,108	5,764
Total number of incidents	20,381	18,812	17,342	19,590	20,186

During the year there were 36 emergency declarations under section 44 of the *Rural Fires Act 1997*. Approximately 438,000 hectares of land were burnt during these emergencies. Last year 93,000 hectares of land were burnt during 38 emergencies.

OTHER INFORMATION

We identified some minor opportunities for the Service to improve its internal controls and reported them to management.

FINANCIAL INFORMATION

Year ended 30 June	2007 \$'000	2006 \$'000
Employee related expenses	59,950	53,945
Other expenses	193,551	123,574
Revenue	222,691	146,052
Net cost of services	30,810	31,467
Government contributions	32,147	30,668
Surplus/(deficit)	1,337	(799)
Net assets (at 30 June)	11,484	10,147

The Service uses unpaid community based volunteers to fight fires and to deal with other emergencies. The Service reimburses the maintenance costs of fire fighting equipment maintained by local government councils. It also provides administrative and other support to the councils.

Expenditure on natural disasters was \$72.3 million (\$19.9 million in 2005-06). The increase was due to a higher number of major bushfires during 2006-07 than in 2005-06. The Service paid local government councils \$87.6 million (\$67.6 million) for rural fire fighting activities and equipment.

Revenue included contributions from insurance companies, \$124 million (\$103 million) and local government councils, \$22.4 million (\$18.7 million). It also included a grant of \$65.0 million (\$14.7 million) for Natural Disasters Welfare Relief.

The Service has temporary finance arrangements through NSW Treasury Corporation for emergency use. During the year the Service borrowed and repaid \$20.0 million (\$15.0 million).

SERVICE ACTIVITIES

The Service's principal function is to promote effective rural fire fighting services within New South Wales, including coordinating bush fire fighting and prevention activities and protecting people, property and the environment. Volunteer fire fighters provide emergency services to over 90 per cent of the State.

The Service was established by the *Rural Fires Act 1997*. It also provides administrative support to the Office for Emergency Services, which is responsible for policy advice to the Minister and for rescue services and emergency management throughout the State.

For further information on the Service, refer to www.rfs.nsw.gov.au.

State Emergency Service

AUDIT OPINION

The audit of the Service's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

OTHER INFORMATION

We identified some minor control issues. We reported these to the Service's audit committee and management.

FINANCIAL INFORMATION

Year ended 30 June	2007 \$'000	2006 \$'000
Employee related expenses	15,034	10,386
Other expenses	28,270	29,592
Retained revenue	9,642	14,812
Net cost of services	33,662	25,166
Government contributions	33,487	32,505
(Deficit)/surplus	(175)	7,339
Net assets (at 30 June)	40,275	40,450

Employee related expenses increased mainly due to an increase in staff numbers.

Flood, bush fire and storm costs attributed to a natural disaster and reimbursed through natural disaster relief arrangements between the State and Commonwealth Governments, totalled \$7.0 million (\$4.1 million in 2005-06).

The decrease in retained revenue is largely due to a non-recurring \$7.0 million non-cash grant from the Department of Commerce for radio and communication equipment in 2005-06.

SERVICE ACTIVITIES

Using volunteers, the Service manages and responds to emergencies resulting from flood, storm, tempest and other incidents. More than 10,000 volunteers operating through 227 SES units located throughout the State help with these activities.

The Service was established in accordance with *the State Emergency Service Act 1989*.

For further information on the Service, refer to www.ses.nsw.gov.au.

Minister for Finance

State Property Authority
Superannuation Administration Corporation
(trading as Pillar Administration)

State Property Authority

AUDIT OPINION

The audits of the Authority and its controlled entity's financial reports for the period ended 30 June 2007 resulted in unqualified Independent Auditor's Reports.

KEY ISSUES

Establishment of the State Property Authority

The *State Property Authority Act 2006*, established the Authority as a statutory body from 1 September 2006.

From 1 September 2006, the majority of functions and staff of the Department of Commerce State Property Group were transferred to the Authority.

On 1 February 2007, the Kooragang Island industrial estates and three Newcastle properties acquired from BHP Billiton in June 2002 valued at \$138 million, together with \$121 million cash, set aside for land remediation to two of those sites, were transferred from the Crown Property Portfolio (CPP) to the Authority.

The responsibility for CPP functions, along with the remaining assets and liabilities were transferred to the Authority from 1 July 2007.

Contaminated Sites

The Government acquired four Newcastle properties from BHP Billiton in June 2002. Two of the four properties, the Main Steel Works and the Kooragang Emplacement sites, were contaminated. The Regional Land Management Corporation (RLMC), a subsidiary of Hunter Water Corporation, is responsible for investigating remediation strategies and undertaking remediation activities on both sites.

In 2007, the Authority re-estimated the net present value of the remaining costs to remediate the Main Steel Works site at \$98.1 million (nominal value of \$116 million). Completion of these works is expected by 2012.

In 2006, RLMC completed detailed studies on remediating the Kooragang Emplacement site. The Authority has estimated the net present value of the remaining remediation costs at \$14.9 million (nominal value of \$19.6 million). Completion of these works is expected by 2013.

The total provision for remediation stood at \$113 million at 30 June 2007 (\$124 million in 2005-06) after payments of \$16.7 million during the year.

OTHER INFORMATION

We identified some opportunities to improve accounting procedures and minor controls and will report them to management.

Shea's Creek Woolsheds and QStores sale

On 21 December 2005, contracts were exchanged for the sale of the Shea's Creek Woolsheds and the former QStores warehouse for a total sale price of \$52.8 million. The sale proceeds were split 70 per cent to CPP (Shea's Creek) and 30 per cent to the Department of Commerce (QStores). Settlement was rescheduled a number of times and finally occurred on 3 July 2007. CPP's portion of the proceeds were taken up by the Authority.

FINANCIAL INFORMATION

Abridged Income Statement

Period ended 30 June	2007 \$'000
Revenue	
Fees for services	7,497
Crown Finance Entity-recurrent contribution	1,594
Interest	2,833
TOTAL REVENUE	11,924
Expenses	
Employee related expenses	5,705
Other	2,708
TOTAL EXPENSES	8,413
PROFIT	3,511

Other expenses included office accommodation fees of \$525,000 and corporate service fees of \$1.5 million paid to the Department of Commerce.

Abridged Balance Sheet

At 30 June	2007 \$'000
Current assets	131,299
Non-current assets	188,258
TOTAL ASSETS	319,557
Current liabilities	60,938
Non-current liabilities	76,582
TOTAL LIABILITIES	137,520
NET ASSETS	182,037

Current assets comprise cash, \$120 million and receivables, \$11.1 million. The majority of the cash balance is to be used for land remediation.

Non-current assets include properties which were revalued at 30 June 2007 from \$136 million to \$188 million.

Current and non-current liabilities include land remediation provisions of \$113 million.

AUTHORITY'S ACTIVITIES

The Authority's principal objectives are:

- managing properties and collecting rent of multi-occupancy buildings owned and leased by the New South Wales Government, and of properties retained by the Government for strategic reasons
- managing properties of government agencies to improve operational efficiencies in the use of those properties and to support the delivery of government services by agencies
- advising the government on property matters.

The Authority is subject to the control and direction of the Minister for Finance.

CONTROLLED ENTITY

The following controlled entity has not been separately reported on as it is not considered material by its size or the nature of its operations to the consolidated entity.

Entity Name

Office of the State Property Authority
--

Superannuation Administration Corporation (trading as Pillar Administration)

AUDIT OPINION

The audit of the Corporation's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

KEY ISSUES

Superannuation Simplification

The Commonwealth Government introduced significant changes to the superannuation system, effective 1 July 2007. The scope of the changes and the surge of money into super funds in response to the reform increased the related operational risks, making Trustees consider the impact of Super Simplification changes on their administration systems and processes.

Where administration is outsourced, Trustees are making appropriate enquiries of fund administrators to ensure that the administration systems, procedures and processes supporting the funds have been properly reconfigured and updated to give effect to the new rules from 1 July 2007.

Pillar, as external provider of superannuation administration services, has provided written confirmation to the Fund Trustees that it has modified its systems and procedures to implement the new regime from 1 July 2007.

FINANCIAL INFORMATION

Abridged Income Statement

Year ended 30 June	2007 \$'000	2006 \$'000
TOTAL REVENUE	57,687	54,936
Employee related expenses	38,499	34,397
Other expenses	17,147	16,268
TOTAL EXPENSES	55,646	50,665
PROFIT BEFORE TAX	2,041	4,271
Income tax equivalent	718	1,747
PROFIT AFTER TAX	1,323	2,524

The increase in total expenses resulted from a rise in salaries and wages as a result of additional staff. Total expenses rose by 9.8 per cent in the current financial year while total revenue increased by five per cent. Net Assets remained fairly constant recording a minor 2.6 per cent increase.

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Current assets	15,980	14,218
Non-current assets	14,440	14,858
TOTAL ASSETS	30,420	29,076
Current liabilities	10,170	8,994
Non-current Liabilities	1,759	2,058
TOTAL LIABILITIES	11,929	11,052
NET ASSETS	18,491	18,024

CORPORATION'S ACTIVITIES

The Corporation's principal functions are the development, promotion and conduct of its business of providing superannuation scheme administration services and related services, in both the public and private sectors. It administers public sector superannuation schemes on behalf of FSS Trustee Corporation, SAS Trustee Corporation and the Parliamentary Contributory Superannuation Fund. Private sector schemes administered are the Printing Industry Superannuation Fund, Prime Super, Australian Government Employees Superannuation Trust (AGEST), Super Member Eligible Rollover Fund (SMERF) and AXA National Preservation Trust (NPT).

The Corporation was established as a statutory State owned corporation under the *Superannuation Administration Authority Corporatisation Act 1999* and came into existence in July 1999.

For further information on the Corporation, refer to www.pillar.com.au.

Minister for Gaming and Racing

Greyhound and Harness Racing Regulatory Authority

New South Wales Lotteries Corporation

Greyhound and Harness Racing Regulatory Authority

AUDIT OPINION

The audits of the Authority and its controlled entity's financial reports for the year ended 30 June 2007 resulted in unqualified Independent Auditor's Reports.

PERFORMANCE INFORMATION

The Authority's Stewards are responsible for implementing and enforcing the rules of Greyhound and Harness Racing.

The following table details the numbers of animals drug tested and the percentage of positive drug test results for both Greyhound and Harness. It also details the trends in disciplinary actions.

Greyhound	2005	2006	2007
Animals drug tested (a)	3,241	3,028	<i>3,277</i>
Positive drug test (b) (%)	1.23	1.68	<i>2.16</i>
Disciplinary action:			
Disqualifications (c)	30	27	<i>54</i>
Fines (d) (\$)	15,815	16,435	<i>43,330</i>

Harness	2005	2006	2007
Animals drug tested (a)	3,842	3,506	<i>3,850</i>
Positive drug test (b) (%)	0.21	0.43	<i>0.31</i>
Drivers drug tested (e)	--	25	<i>22</i>
Positive drug test (b) (%)	--	8.00	<i>4.55</i>
Disciplinary action:			
Disqualifications (c)	12	11	<i>8</i>
Fines (d) (\$)	64,680	60,250	<i>72,550</i>

Source: GHRRA Annual Report.

(a) The number of samples tested during the year including both pre-race blood measuring (TCO₂) and post race testing of urine or blood.

(b) The percentage of positive results from the samples tested.

(c) Number of disciplinary type actions taken against participants.

(d) Total amount in fines imposed for breaches of various rules.

(e) The number of urine samples tested of Harness Racing drivers.

OTHER ISSUES

Sale of Assets

The Authority sold its business premises in Auburn for \$2.1 million in September 2007 and moved to its Bankstown premises which was refurbished for a total cost of \$1.8 million.

FINANCIAL INFORMATION

The following information relates to the Authority's consolidated finances.

Year ended 30 June	Consolidated		Authority	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Revenue	8,075	8,130	8,075	8,130
Expenses	8,648	8,119	8,648	8,119
(Loss)/surplus	(573)	11	(573)	11
Net assets (at 30 June)	4,681	5,254	4,681	5,254

The net loss resulted primarily from the sale of the Auburn building at a value of \$481,000 less than the book value in the Authority's financial statements. Cash and cash equivalents also fell by 57 per cent to \$1.1 million (\$2.5 million in 2005-06).

AUTHORITY ACTIVITIES

The *Greyhound and Harness Racing Administration Act 2004* commenced on 1 October 2004. The Act dissolved the former Greyhound Racing Authority and the former Harness Racing Authority and established the Greyhound and Harness Regulatory Authority. The assets, rights and liabilities of the former Authorities were transferred to the new Authority.

The Authority has responsibility for the control and regulation of greyhound and harness racing through:

- making rules to control and regulate greyhound and harness racing
- enforcing those rules by way of supervision of race meetings by stewards
- implementing appropriate drug testing and detection measures
- grading greyhounds and handicapping harness horses
- registering greyhounds, horses and industry participants (e.g. bookmakers, trainers, drivers).

For further information on the Authority, refer to: www.ghrra.nsw.gov.au.

CONTROLLED ENTITY

The following controlled entity has not been reported separately as it is not considered material by size or the nature of its operations to the consolidated entity.

Entity Name

Greyhound and Harness Racing Regulatory Authority Division

New South Wales Lotteries Corporation

AUDIT OPINION

The audit of the Corporation's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

PERFORMANCE ISSUES

The Corporation provided the following information regarding its performance.

Payments to the New South Wales Government

The overall return to the NSW Government includes duty, dividend and the income tax equivalents.

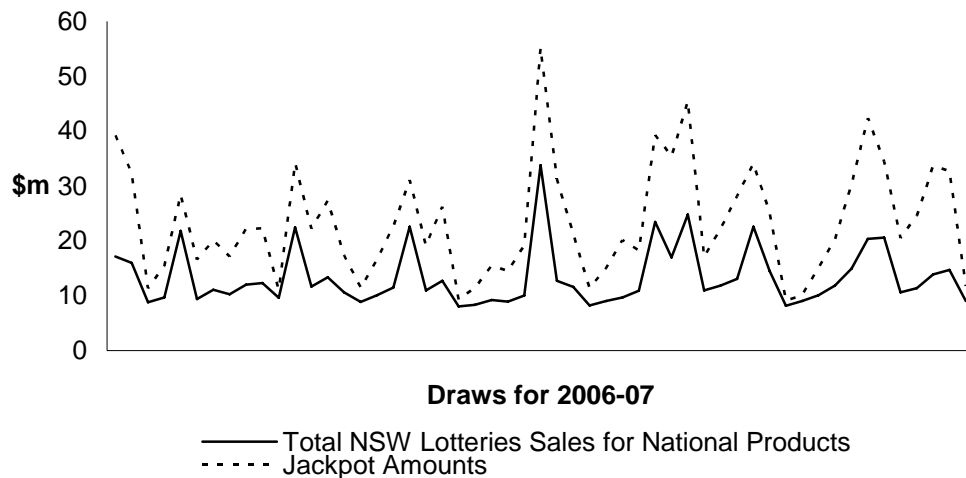
Year ended 30 June	2003 \$'000	2004 \$'000	2005 \$'000	2006 \$'000	2007 \$'000
Payments to NSW Government					
General duty	276,246	279,552	281,745	285,665	289,942
Dividend	24,504	37,204	33,946	30,133	36,529
Income tax equivalent paid	18,513	10,032	14,314	18,931	13,765
Total	319,263	326,788	330,005	334,729	340,236
Total payments as a percentage of net sales**	30.5	30.7	30.9	30.8	31.6

** Net Sales is all NSW Lotteries product sales less retailer commission and GST.

Frequency and Size of Jackpots

The frequency and size of jackpots is a significant driver of sales, especially for the Corporation's national products. National products include Saturday Lotto, Powerball, Oz Lotto and 6 from 38 Pools. The following graph shows that the Corporation's national product sales over 2006-07 were related to the value of weekly jackpots and long jackpot sequences. In 2006-07, sales from national games amounted to \$692 million (\$649 million in 2005-06) or 61.6 per cent (57.3 per cent) of turnover.

NSW Lotteries National Product Sales Relative to National Game Jackpots



Source: NSW Lotteries Corporation.

Agent Satisfaction with NSW Lotteries Service

Each year, NSW Lotteries conducts surveys of Agents designed to assess the level of retailer satisfaction with the services (Call Centre, Distribution Centre and Territory Managers) of the Corporation. In May 2007, the Corporation conducted this survey with 206 agents and the result is shown below. In 2006-07, 95 per cent (95 per cent) of agents were satisfied to extremely satisfied with the services provided by NSW Lotteries.

Agent Satisfaction Level With NSW Lotteries	2006 %	2007 %
Extremely satisfied	40	34
Satisfied	55	61
Neither	4	3
Dissatisfied	1	1
Extremely dissatisfied	**	1

** Less than one per cent.

OTHER INFORMATION

We identified some minor opportunities for improvements in internal control procedures and we reported them to management.

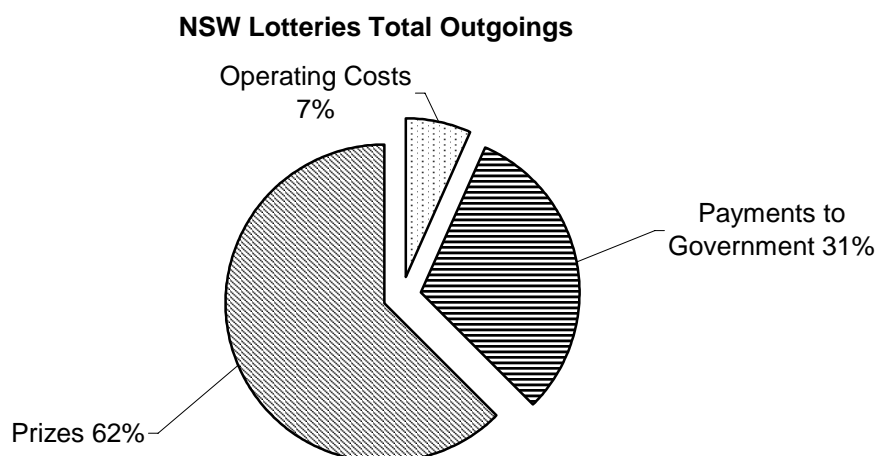
Licences to Conduct Public Lotteries

NSW Lotteries holds licences to conduct public lotteries, which expire on 1 July 2008. Its previous licences expired on 1 July 2007.

Lottery Game Updates

The overall prize payout across all Instant Scratchies games increased from 62.7 per cent to 65.7 per cent in late 2006.

NSW Lotteries is also focusing on a number of new distribution channels to generate incremental revenue, while maintaining the performance of its current business partners in the traditional agency network.



Source: NSW Lotteries Corporation's 2006-07 Annual Report.

Prize payments are fixed percentages of games subscriptions under the product licences. Payments to Government include duty, dividends and income tax equivalent charges. This distribution is substantially similar to last year.

FINANCIAL INFORMATION

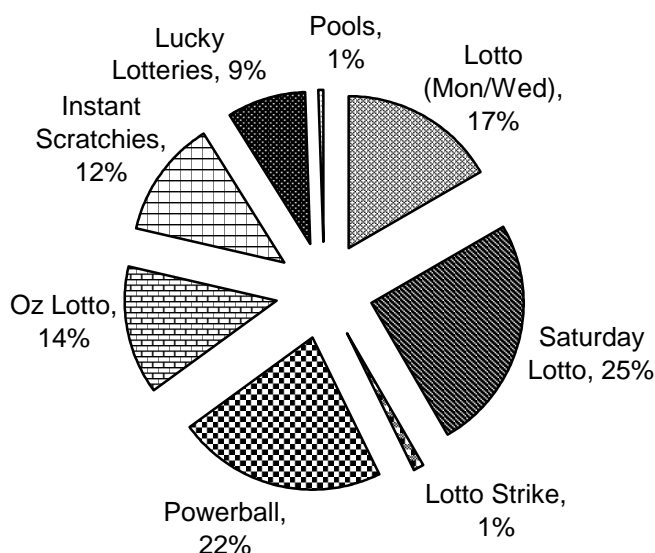
Abridged Income Statement

Year ended 30 June	2007 \$'000	2006 \$'000
NET REVENUE	122,268	128,475
Employee related	16,314	15,593
Other expenses	55,671	57,625
TOTAL EXPENSES	71,985	73,218
PROFIT BEFORE INCOME TAX EQUIVALENT EXPENSE	50,283	55,257
Income tax equivalent	15,195	16,688
PROFIT	35,088	38,569

Product sales declined by \$7.3 million to \$1.2 billion in 2007, the first year that sales have declined in a number of years.

The chart below shows the percentage of NSW Lotteries' sales revenue (gross sales less retailer commission) by product type in 2006-07:

Net NSW Lotteries Sales by Product Type



Source: NSW Lotteries Annual Report 2006-07.

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Current assets	194,731	202,646
Non-current assets	71,755	72,021
TOTAL ASSETS	266,486	274,667
Current liabilities	188,868	198,629
Non-current liabilities	23,634	22,531
TOTAL LIABILITIES	212,502	221,160
NET ASSETS	53,984	53,507

CORPORATION ACTIVITIES

The Corporation is a statutory State owned corporation established in January 1997 under the *New South Wales Lotteries Corporatisation Act 1996*. It conducts its business under licences issued under the *Public Lotteries Act 1996*. NSW Lotteries licences were to expire on 1 July 2007 but have been renewed until 1 July 2008.

The Corporation's principal business activity is to develop, promote and conduct lotteries. It is accountable to the shareholder Ministers, currently the Minister for Finance and the Treasurer. The NSW Treasury reviews corporate performance on behalf of the shareholder Ministers.

For further information on NSW Lotteries, refer to www.nswlotteries.com.au.

Minister for Health

New South Wales Health Foundation

New South Wales Health Foundation

AUDIT OPINION

The audit of the Foundation's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

FINANCIAL INFORMATION

Year ended 30 June	2007 \$'000	2006 \$'000
Revenue	3,632	139
Expenses	434	438
Surplus/(deficit)	3,198	(299)
Net assets (at 30 June)	46,466	43,267

Revenue and net assets increased as a result of the Foundation receiving a grant of \$3.0 million during the year to set up the Ambulance Service Research Fund. The Fund is to research the clinical aspects of aero medical and associated road retrieval services. As well, a donation of \$500,000 was received, being proceeds from a deceased estate for use on the treatment and prevention of tuberculosis.

FOUNDATION ACTIVITIES

The Foundation was established under the *Health Administration Act 1982*. It is managed by the Department of Health on behalf of the Minister. The Foundation accepts bequests and provides financial and other support for any purpose connected with providing health services. Through the *Walker Trusts (Amendment) Act 1983*, the Foundation owns and has a custodial role over the Thomas Walker Convalescent Hospital.

Minister for Housing

Aboriginal Housing Office

City West Housing Pty Ltd

Home Purchase Assistance Fund

NSW Department of Housing

Aboriginal Housing Office

AUDIT OPINION

The audits of the Office and its controlled entity's financial reports for the year ended 30 June 2007 resulted in unqualified Independent Auditor's Reports.

KEY ISSUES

Property Valuations

Last year we reported how the Office valued its residential properties at market value by applying indices based on NSW government property sales reports. We expressed our concern regarding the accuracy of this revaluation process. This year the Office engaged an independent property valuation expert to revalue its housing stock. This revaluation resulted in a \$33.6 million increase to the Office's housing portfolio and we were satisfied with the process.

Capital Acquisition Freeze

We recommend management include comprehensive details of its asset program in future Total Asset Management Plans and Statements of Business Intent. Where possible the location, quality and cost of individual dwellings should be specified for Minister and Treasury approval.

In August 2006 the Office's capital acquisition program was frozen by the former Minister for Housing whilst a small number of acquisitions in the Dubbo area were investigated. The freeze was lifted at the end of April 2007, but the program was significantly delayed. This resulted in actual capital expenditure being approximately \$3.6 million less than budgeted and increased the cash balances at year end.

Comprehensive details for the capital acquisition program are required in the Office's Total Asset Management Plan and a summary included in the budget details within its Statement of Business Intent. Both documents are required to be approved by the Minister and Treasury.

Community Housing Infrastructure Project (CHIP)

We recommend management review its operations to determine the level of client services it can offer to the Aboriginal community as a result of the withdrawal of CHIP funding by the Commonwealth Government.

Management advised us the Commonwealth government has withdrawn all future CHIP funding. This totalled \$13.3 million in 2006-07 (\$13.3 million in 2005-06). Without immediate replacement of this funding it is unlikely the Office can maintain current service levels offered to the Aboriginal community over the medium term.

PERFORMANCE INFORMATION

The Office has developed targets as a measure of its performance including:

Management of Housing Stock

We recommend the Office liaise with the NSW Department of Housing (DoH) to review the costs for upgrading/repairing Office dwellings as the Office is facing revenue pressures that are unlikely to allow such cost increases to be sustainable.

Year ended 30 June	Actual					Target
	2003	2004	2005	2006	2007	2007
Office dwellings upgraded to Office-approved standard by 30 June 2007 (cumulative total) %	74	80	86	89	99	100
Office dwellings upgraded to Office-approved standard by 30 June 2007 (cumulative total) (\$)	2,955	3,296	3,588	3,770	4,349	4,408
Average cost per dwelling upgraded/repai red:						
- Office dwellings \$	na	na	na	29,170	36,402	<31,000
- Aboriginal community dwellings \$	na	na	na	10,350	10,633	<13,000

Source: Aboriginal Housing Office.
na: not available.

The number of dwellings upgraded was just short of the 2007 target. However, the average cost per Office dwelling upgrade/repair was significantly over the 2007 target. The Office engages DoH, as its principal for tenancy and property management of its housing stock. The Office should consult with DoH and determine a strategy to reduce the cost of improving Office dwellings in the future.

Tenant and Property Management

We recommend the Office asks DoH to provide detailed debtors ageing reports to allow the Office to closely monitor DoH's performance.

Year ended 30 June	Actual					Target
	2003	2004	2005	2006	2007	2007
Minimum rental income (net of property expenses) \$m	1.1	1.2	2.7	2.7	3.8	4.8
Management of repairs and maintenance budget (community) \$m	6.3	7.7	7.2	7.0	6.9	10.4
Rental income arrears %	6.0*	7.0*	7.5*	7.2*	7.5*	<7.0*

Source: Aboriginal Housing Office.
* of gross rental income.

The Office manages a property portfolio with a value of \$879 million and an annual rental income of \$24.7 million. The Office continues to liaise with DoH to improve rental arrears performance.

Expenditure on community property repairs and maintenance was \$3.5 million less than budget. Management advised us this was due to delays in the approval and processing of the Aboriginal Community Housing Program. A strategy to overcome these delays should be determined by the Office in a review of its operations as we have recommended above.

FINANCIAL INFORMATION

Abridged Income Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Grants	60,677	67,342
Rent	24,726	22,111
Other	20,363	10,132
TOTAL REVENUE	105,766	99,585
Employee related and other expenses	17,852	16,504
Housing program	29,663	39,397
Property expenses	20,911	19,434
TOTAL EXPENSES	68,426	75,335
SURPLUS	37,340	24,250

During the year, the Office received \$30.7 million (\$33.4 million) under the Commonwealth/State Housing Agreement, \$13.3 million (\$13.3 million) under the New South Wales regional housing component of the Aboriginal and Torres Strait Islander Commission's Community Housing Infrastructure Program, and \$11.1 million (\$15.5 million) from the Aboriginal Community Development Program.

Other revenue increased due to the Office receiving:

- a transfer of properties from community housing providers. This transfer of \$17.2 million occurred because a number of community housing providers were experiencing governance and financial issues
- property transfers from DoH under a 1998 agreement. This transfer is nearly complete and management advised us there are only two remaining properties to be identified, agreed and transferred.

The Office's housing program incurred the following expenditures:

Year ended 30 June	2007 \$'000	2006 \$'000
Community asset acquisition of housing - Aboriginal communities program	2,804	5,525
Aboriginal housing upgrade program	4,144	5,167
Community housing backlog repairs and maintenance	6,548	6,786
Aboriginal community development program	11,111	15,451
Other	5,056	6,468
	29,663	39,397
Employee related expenses	1,867	1,759
Total	31,530	41,156

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Current assets	45,368	38,252
Non-current assets	890,329	832,366
TOTAL ASSETS	935,697	870,618
Current liabilities	13,872	19,476
Non-current liabilities	1,488	1,710
TOTAL LIABILITIES	15,360	21,186
NET ASSETS	920,337	849,432

Non-current assets increased by \$58.0 million, mainly due to the revaluation of the Office's existing properties by \$33.6 million, net transfers from community housing providers and DoH of \$17.7 million and through the construction and acquisition of new properties of \$13.6 million, offset by the depreciation charge for 2006-07.

OFFICE ACTIVITIES

The Office's principal functions are to plan, develop, deliver and evaluate programs and services to assist Aboriginal people and Torres Strait Islanders within New South Wales to meet their housing needs. Other functions relate to registering and funding Aboriginal housing organisations; the power to enter into agreements with registered Aboriginal housing organisations; and the management of property owned by the Office.

The Office was constituted by the *Aboriginal Housing Act 1998*. It is subject to the control and direction of the Minister for Housing.

For further information on the Office, refer to www.aho.nsw.gov.au.

CONTROLLED ENTITY

The following controlled entity has not been reported separately on as it is not considered material by its size or the nature of its operations to the consolidated entity.

For further financial and other information on this entity we have listed the entity's website:

Entity Name	Website
Aboriginal Housing Office Group of Staff	www.aho.nsw.gov.au

City West Housing Pty Ltd

AUDIT OPINION

The audit of the Company's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

FINANCIAL INFORMATION

The following information relates to the Company's finances.

Year ended 30 June	2007 \$'000	2006 \$'000
Revenue	11,443	11,536
Expenses	4,379	4,089
Surplus	7,063	7,446
Net Assets (at 30 June)	206,305	199,242

Construction in progress of 110 units contributed to the increase in net assets.

COMPANY ACTIVITIES

The Company was established in 1994, with its principal function to provide affordable rental housing to very low, low and moderate-income households in Pyrmont, Ultimo and Green Square. It develops and manages affordable housing which contributes to the maintenance of a socially diverse community in the inner city. They are also independent of the government, operating under the Corporations Law, with an expertise-based board.

The Company has two classes of shares; ordinary shares and redeemable preference shares. Ownership of the Company is vested in the ordinary shares; one held by the Minister for Housing and one by the Treasurer. Redeemable preference shares are issued to organisations with a direct interest in the development and management of affordable rental housing in the City West area. There are currently 11 preference shareholders.

For further information on the company, refer to www.citywesthousing.com.au.

Home Purchase Assistance Fund

AUDIT OPINION

The audit of the Fund's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

FINANCIAL INFORMATION

Year ended 30 June 2007	2007 \$'000	2006 \$'000
Revenue	26,244	26,012
Expenses	714	592
Surplus	25,530	25,420
Distributions	25,181	31,643
Net assets attributable to beneficiaries (at 30 June)	435,837	435,488

Revenue comprises interest earned on investments. Expenditure is predominantly the operational support payment paid to NSW Department of Housing (DoH) and the Trustee's fee.

Distributions made by the Fund were:

- \$21.5 million (\$21.5 million in 2005-06) to the Crown Entity for reimbursement of loan and interest repayments made to the Commonwealth government. The nominal value of the Crown Entity's loans was \$268 million at year end (\$277 million)
- \$752,000 (\$7.3 million) to special beneficiaries for revenue shortfalls of individual FANMAC Trusts and Shared Equity Schemes
- \$2.9 million (\$2.8 million) to DoH as a return of capital.

The majority of assets are market traded bonds.

FUND ACTIVITIES

A Trust Deed established the Fund on 14 February 1989 to support the State's home purchase assistance program. The Fund is required to make distributions including:

- meeting any income shortfalls in the FANMAC Trusts and some Shared Equity Schemes. These distributions are paid to the Special Beneficiary, Permanent Trustee Company Limited, as Trustee of these Trusts and Schemes. The FANMAC Trusts were established to raise funds on behalf of the State and to lend funds to a certain class of homebuyers under conditions specified by the Government. As at 30 June 2007 the only mortgage trust still operating was the FANMAC Master Trust
- those as directed by the beneficiary. The beneficiary is the Minister of the Crown of the State of New South Wales for the time being charged with the administration of the *Housing Act 2001*.

NSW Department of Housing

AUDIT OPINION

The audits of the Department and its controlled entity's financial reports for the year ended 30 June 2007 resulted in unqualified Independent Auditor's Reports.

KEY ISSUES

Reporting Entity

We recommend management consider assisting NSW Treasury to make the necessary amendments to the *Public Finance and Audit Act 1983* or prepare a financial report for the New South Wales Land and Housing Corporation.

Last year we reported that in 2006-07 the NSW Department of Housing (the Department) would seek to have the relevant legislation amended to clarify the functions of the Department and New South Wales Land and Housing Corporation (the Corporation) and to establish the Department as the controlling entity.

A review of the *Housing Act 2001* (the Act) during 2005-06 highlighted the Department and the Corporation jointly administer the Act, however the control relationship between the two entities and their respective functions required further legislative clarification. In practice, the Department effectively controls the Corporation. Similar to last year, the Department prepared a single financial report for 2006-07 with the transactions for both entities. A financial report for the Corporation required by the *Public Finance and Audit Act 1983* was not prepared. We have reported this matter in an appendix to this Volume.

Management is currently assisting Parliament in amending the Act. The Act will define the functions of the Department and the Corporation.

Valuation of Property Portfolio

Last year we reported that management had commenced a review of the valuation methodology for residential properties to ensure accurate and appropriate fair values for financial reporting purposes were produced.

In 2006-07 residential properties have been revalued using an indexation process to estimate the change in value of the housing portfolio since last year's full revaluation. The results of indexing benchmark properties were extrapolated over relevant segments of the housing stock taking into account factors such as age and enhancements. The outcome of the revaluation was an increment of \$188 million to the residential property portfolio.

Commercial properties and Community Purpose properties were valued by independent valuers. There are 153 Community Purpose properties with a total value of \$163 million. Of these properties, 44 worth \$22.0 million were recognised for the first time. Management is committed to further improving the records and reporting of property assets within the non-core property portfolios. These actions include:

- obtaining valuations for approximately 220 properties that have not been independently valued
- reconciling Housing's property details with those maintained by the Department of Lands
- reconciling Housing's property details with those determined by the valuers.

Bonnyrigg Project

In August 2007 the Minister for Housing tabled in Parliament the Department's Summary of contracts for the Bonnyrigg 'Living Communities' Public Private Partnership project. This partnership will replace 833 public dwellings on the 81 hectare housing estate with 699 new public dwellings and over 1,600 private dwellings. A further 134 public dwellings will be purchased or built nearby to ensure the total stock of public housing is maintained.

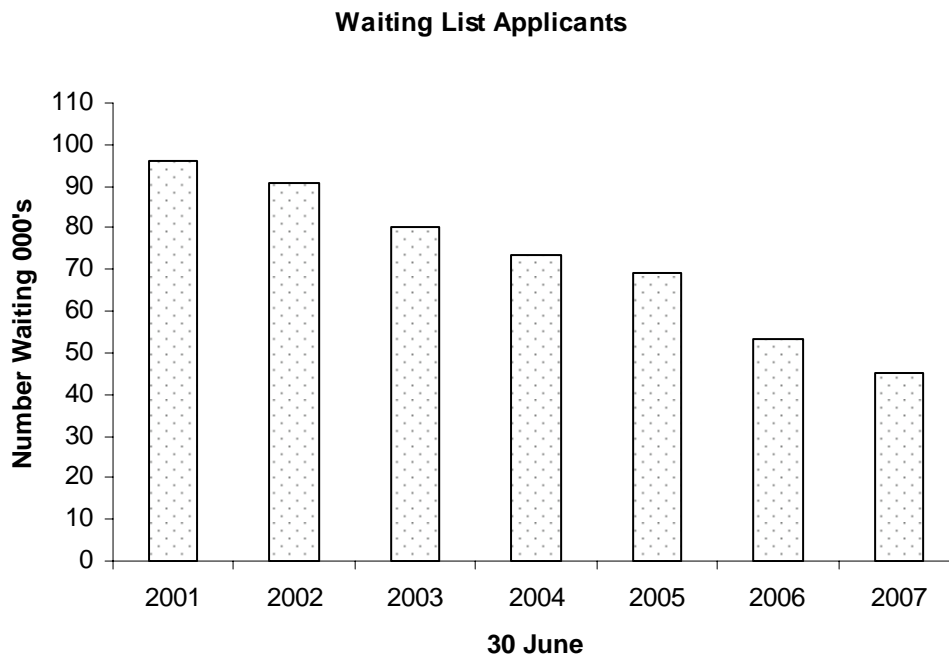
The Department has estimated the present value of the cost of the project's facilities and services over the next 30 years at \$368 million. This is approximately 6.3 per cent lower than the cost under conventional public sector delivery. The new estate is expected to be constructed in 18 stages over 14 years and the entire project life will be 30 years. The private sector is required to maintain new and old housing stock, demolish old dwellings, construct new dwellings and provide tenancy services such as relocation, communication and community renewal.

The project aims to improve the quality of public housing and community facilities and services provided to tenants and the local community. To encourage the achievement of these goals the Department has designed the payments to the private sector to be predominantly performance based. Key Performance Indicators have been agreed to for most aspects of service delivery, including tenant's satisfaction with each broad category of service provision.

PERFORMANCE INFORMATION

Waiting Lists

Waiting lists for public housing have decreased over the past six years from 96,000 in 2001 to 45,000 in 2007, a 53.1 per cent reduction (47.5 per cent reduction for the five years to 2006). About 10,000 applicants were housed annually in this period. The Department advised us the reduction in waiting lists is mainly due to improved management of the housing register, including regular surveys of applicants to determine their ongoing eligibility and needs.



Source: NSW Department of Housing.

Provision of Social Housing

During 2006-07 the Department assisted 352,100 (340,000) people through the provision of social housing. In addition 74,000 (86,500) people have been assisted through other programs, such as the New South Wales Government's RentStart Program. This program helped approximately 48,500 (54,000) low income people into the private rental market.

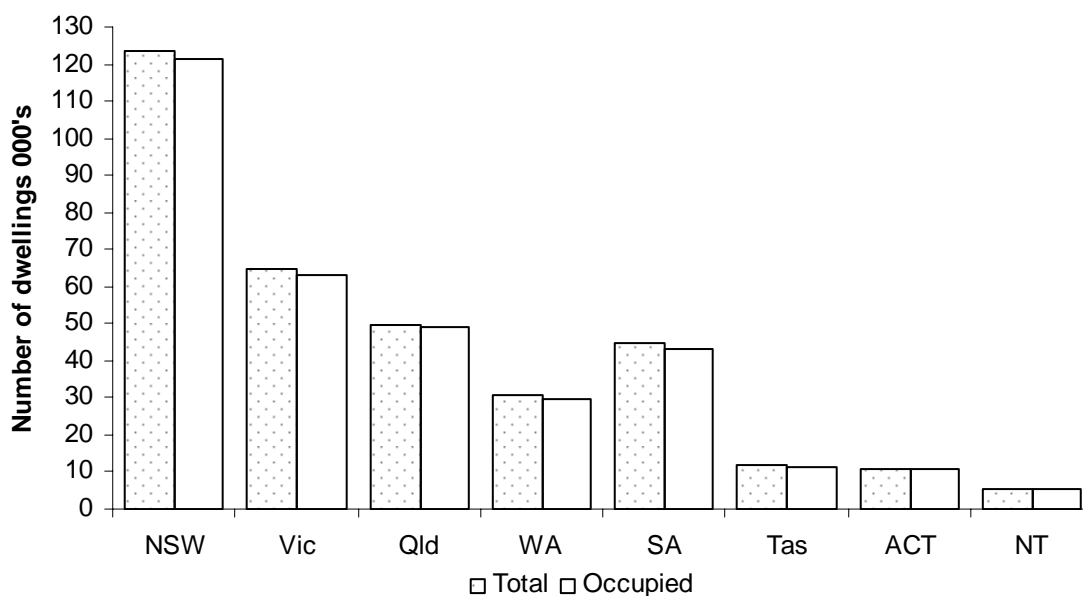
The total amount of Private Rental Assistance was \$24.5 million (\$24.0 million). This includes payment of rental arrears to salvage an existing tenancy and assistance in bonds and advance rent.

The following information and associated graphs have been extracted from the Report on Government Services 2007, produced by the Productivity Commission, based on information for 2005-06.

Number of Public Housing Properties and Occupancy Rates

At 30 June 2006, New South Wales had the greatest number of public housing properties in Australia. Queensland, ACT and New South Wales had the highest occupancy rates of 98.9 per cent (98.6 per cent), 98.7 per cent (98.1 per cent) and 98.6 per cent (98.7 per cent), respectively, slightly higher than the national average of 97.8 per cent (97.7 per cent).

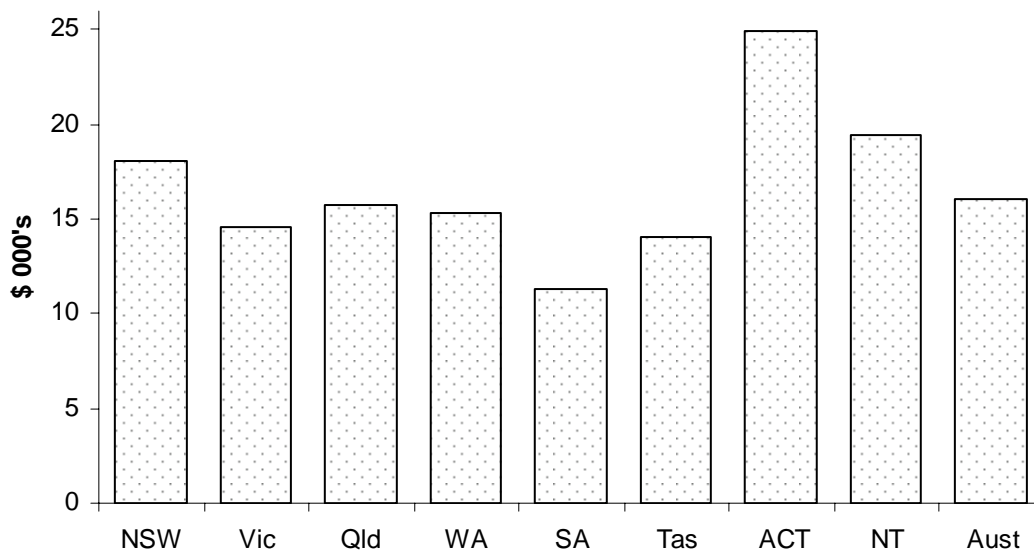
Total Dwellings and Total Dwellings Occupied 2006



Net Cost per Dwelling

In 2005-06, New South Wales had the third highest net cost per dwelling at \$18,040 (\$18,483), 13 per cent higher (19 per cent higher) than the national average.

Net Cost per Dwelling 2006



Net cost per dwelling comprises recurrent costs (excluding payroll tax) plus depreciation and cost of capital, less interest paid and rent collected. Issues on the comparability of the cost of capital data include consistency of data collection, completeness of data and the possibility of double counting of items by some jurisdictions. Movement in 2005-06 is mainly due to reductions in expenditure on general property insurance and charging tenants for water usage offset by higher expenditure to remove backlog maintenance, additional interest cost and general pay rises for staff.

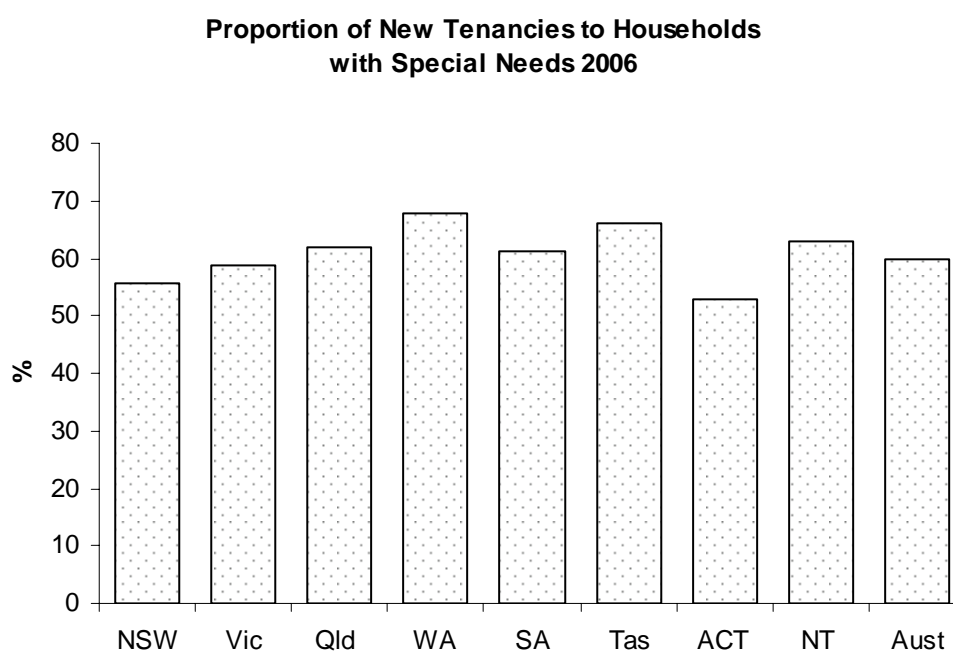
Average Turnaround Time

In 2005-06, New South Wales' turnaround time of 26 days (26 days) was just lower than the Australian average of 27 days (32 days). Last year New South Wales' turnaround time was the second best for an Australian jurisdiction but now it is the fourth best.

Turnaround time indicates how quickly jurisdictions rent housing stock after being vacated or acquired.

Proportion of New Tenancies to Households with Special Needs

The national average of new tenancies allocated to 'special needs' households in 2005-06 was 59.8 per cent (58.2 per cent). At 55.7 per cent (55.7 per cent), New South Wales was lower than the national average.



OTHER MATTERS

Administration of Contractors

The Department undertakes post inspections of work performed by contractors to manage and control their performance.

During 2006-07 the Department undertook approximately 22,600 inspections (22,000), which resulted in 11,080 (12,056) non-compliance notices being issued. Of these 7,620 (10,532) were resolved, cancelled or withdrawn during the year.

Audits on contract compliance and quality assurance by the Department were implemented in 2006-07. This was introduced to address contractor non-compliance risk at a broader and higher level.

Maintenance Expenditure

Analysis of the Department's post inspections of work orders revealed:

- post inspections for work orders above and below \$5,000 are not always performed and recorded on a timely basis in accordance with the Department's policy. We noted that in 2006-07, 22,588 post inspections were raised of which 1,581 were cancelled. Of the remaining 21,007 post inspections, 16,745 (80 per cent) were completed. 9,206 (55 per cent) of the completed inspections were done within ten days
- as reported last year, employees can approve variations to initial work orders even if the combined value of each variation exceeds their authorised delegation. Additionally, we noted this year instances where authorising officers had incorrect delegations limits set in the computer system. This resulted in some officers approving some work orders beyond their actual delegation limit. Management identified this problem and is in the process of rectifying it.

This year the Department undertook compliance audits of contractors to determine if they were meeting their contractual obligations. These audits revealed improvements were necessary in contractor information systems and procedures for monitoring their performance against compliance targets. Management advised us that the audits have resulted in an improvement in contractor performance, particularly for urgent maintenance work. The Department also performed a review of post inspections for the period 18 months prior to December 2006 to assist planning resources for future post inspections.

Maintenance Reform and Fire Safety Programs (MRP)

In 2006-07 the Department spent \$430 million (\$330 million) on capital and operating maintenance of which \$244 million (\$257 million) was spent on planned maintenance. The Department's Maintenance Reform Program is designed to move from predominantly responsive maintenance to planned and systematic maintenance.

The Department updated its conditional assessment of properties and estimated backlog maintenance to be \$612 million at 30 June 2007 (\$646 million). The Government has approved funding of \$160 million to commence the reduction of backlog maintenance and undertake fire safety works forecast to complete by 2009-10. The objectives of the maintenance reform programs (MRP) are to:

- bring all properties to a consistent and sustainable standard
- reduce the number of responsive maintenance requests
- improve client satisfaction
- achieve better value for money
- improve management of tenant damage
- improve contractor performance.

The MRP is being implemented in three phases. The initial phase which commenced in 2004-05 included trials of the maintenance reforms in the Sutherland Area. Phase Two expanded the program to a further 16 locations for a total of 26,000 properties involving service delivery by all existing multi trade contractors. The final phase will involve full implementation across the total portfolio pending the approval to call tenders for maintenance programs and commencing the new contract model in late 2008. The removal of the backlog maintenance is forecast by 2011-12.

At 30 June 2007 the Department has completed cumulative works to improve the safety standards of 42,000 units (18,664) at a cost of \$144 million (\$51.4 million). The total fire safety program includes 72,764 properties at an estimated cost of \$231 million.

Reshaping Public Housing Reforms

The implementation by the Department of annual market rent reviews in 2005 (rather than every three years), raised additional rent revenue. The annual reviews keep tenants' rents and subsidies in line with current market rent values. It is estimated that an additional \$6.0 million in rent was collected during 2006-07 and a further \$6.0 million will be collected during 2007-08 as a result of the annual reviews.

In October 2006, the Department moved away from tenancy for life to fixed-term leases. Under these new arrangements, the length of the lease will be matched to a tenants need for public housing. This will enable a greater number of people to be assisted in the longer term. Fixed-term leases of two, five or ten years apply to all new public housing tenants, including people currently on the Housing Register and new applications for public housing.

In 2006-07, the Department implemented Stage two of water usage charges for public housing tenants. Tenants in a home with a separate water meter are charged for the actual water they use, as advised by the local water authority. By 30 June 2007, 60,000 tenants began to pay for their actual water usage.

The Market Rent review and other initiatives implemented support the Department's May 2005 announcement on reforms for 'Reshaping Public Housing'. The reforms impact:

- who is eligible for public housing
- how long people can stay in public housing
- how much people will pay to live in public housing
- how the Department maintains its properties
- who pays the cost of water usage
- how often the Department determines the amount of rent tenants pay.

FINANCIAL INFORMATION

Abridged Operating Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Rent and other tenant charges	639,703	602,086
Government grants	528,123	495,680
Interest income	22,330	25,463
Other income	31,986	23,194
TOTAL INCOME	1,222,142	1,146,423
Repairs and maintenance	224,336	234,822
Council and water rates	160,382	156,697
Employee related expenses	189,599	169,668
Other operating expenses	104,635	105,838
Depreciation and amortisation	260,213	249,464
Grants expenses	125,262	125,847
Other expenditure	137,848	120,726
TOTAL EXPENDITURE	1,202,275	1,163,062
SURPLUS/(DEFICIT)	19,867	(16,639)

Rental income increased by \$29.2 million in 2006-07 (\$37.1 million). Factors influencing this include increases in tenant income levels, and implementation of the remaining reshaping Public Housing rent reforms, including conducting annual market rent reviews. From December 2005 tenants also contributed towards the cost of water usage. The contribution was \$21.4 million in 2006-07 (\$13.0 million).

The \$32.4 million increase in Government Grants mostly relates to:

- \$30.0 million received from the Rental Bond Board for the affordable housing program (10.0 million in 2005-06)
- \$9.2 million more Commonwealth grants received than in 2005-06.

The increase in employee related expenses was mainly due to wage increases, and the transfer back of functions from NSW Businesslink Pty Ltd.

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Current assets	297,684	314,773
Non-current assets	27,990,672	27,657,785
TOTAL ASSETS	28,288,356	27,972,558
Current liabilities	325,621	251,203
Non-current liabilities	940,805	992,897
TOTAL LIABILITIES	1,266,426	1,244,100
NET ASSETS	27,021,930	26,728,458

At 30 June 2007, the Department's rental debtors amounted to \$36.6 million (\$35.5 million). This represents 5.7 per cent (5.9 per cent) of total rentals charged for the year, excluding subsidies. The Department provided \$29.6 million (\$29.2 million) or 80.9 per cent (82.2 per cent) of this balance as doubtful debts, as it mainly comprises monies owed by former tenants.

The majority of the increase in non-current assets was from the \$271 million revaluation increment of the Department's residential, community purpose and commercial property portfolios.

The increase in current liabilities was mainly due to:

- \$35.0 million more for property purchases to be settled after year end compared to similar accruals at 30 June 2006
- increase in current borrowings of \$15.4 million.

The decrease in non-current liabilities was due to debt repayments made by the Department during 2006-07.

DEPARTMENT ACTIVITIES

The Department's statutory functions are set out in the *Housing Act 2001*. Its role is to provide quality rental housing solutions for those whose needs cannot be met by the private market.

The Minister for Housing has the power to direct and control the Director-General in respect of all the Department's operations.

For further information on the Department, refer to www.housing.nsw.gov.au.

CONTROLLED ENTITY

The following controlled entity has not been reported separately on as it is not considered material by its size or its nature of operations to the consolidated entity.

For further financial and other information on this entity we have listed the entity's website.

Entity Name	Website
Rental Housing Assistance Fund	www.housing.nsw.gov.au

Minister for Industrial Relations

Building and Construction Industry Long Service Payments Corporation

Building and Construction Industry Long Service Payments Corporation

AUDIT OPINION

The audit of the Corporation's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

KEY ISSUES

Legislative obligations of the Corporation with respect to the cancellation of workers registration

We recommend the Corporation take appropriate actions to progress, where required, the cancellation of the registration of workers under the *Building and Construction Industry Long Service Payments Act 1986*.

The Corporation intends to take action to progress the cancellation of the registration of workers where they have not met certain criteria. Due to uncertainties in regard to legislative obligations there has been delays in the cancellation of workers' registrations where there are specified gaps in the workers service records in the system which records their service in the industry.

FINANCIAL INFORMATION

Abridged Income Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Investment income	67,252	70,565
Long service levy	69,343	47,392
Other	212	127
TOTAL REVENUE	136,807	118,084
Long service claims expense	66,542	83,131
Operating expenses	9,386	6,249
TOTAL EXPENSES	75,928	89,380
SURPLUS	60,879	28,704

The increase in long service levy income of \$22.0 million is primarily due to the increase in levy rate from 0.2 per cent to 0.3 per cent from 1 January 2006. The levy applies to the value of building and construction work costing \$25,000 or more.

The decrease in the long service leave claims expense of \$16.6 million largely reflects the movement in the valuation of the provision for long service payments liabilities. The Corporation obtained a full actuarial valuation as at 30 June 2007. The Corporation previously obtained a full valuation at 30 June 2005.

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Investments	560,333	485,405
Other	16,702	14,182
TOTAL ASSETS	577,035	499,587
Provision for long service payments liabilities	529,372	513,293
Other	3,033	2,543
TOTAL LIABILITIES	532,405	515,836
NET ASSETS/(LIABILITIES)	44,630	(16,249)

Investments increased by \$74.9 million mainly due to investment earnings and the increase in the levy rate. Investments were held in the NSW Treasury Corporation's long-term growth Hour-Glass facility.

The increase in the provision for long service payments liabilities of \$16.1 million followed the full actuarial valuation of the provision for long service payments liabilities as at 30 June 2007.

CORPORATION ACTIVITIES

The Corporation's principal objective is to provide funding for the operation of a portable long service payments scheme for building and construction workers.

The Corporation is constituted under the *Building and Construction Industry Long Service Payments Act 1986*. It is subject to the control and direction of the Minister for Industrial Relations.

For further information on the Corporation, refer to www.lspc.nsw.gov.au.

Minister for Justice

Department of Corrective Services

Department of Corrective Services

AUDIT OPINION

The audit of the Department's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

PERFORMANCE INFORMATION

The following commentary is based on information provided by the Department.

Offender and Imprisonment Rates

Year ended 30 June	Rate per 100,000 Adult Population			
	2005		2006	
	NSW	National	NSW	National
Imprisonment	170.6	155.0	<i>173.4</i>	<i>156.4</i>
Periodic detention*	15.3	--	<i>15.4</i>	--
Community corrections	342.3	337.9	<i>346.4</i>	<i>339.4</i>
Total offenders	528.2	492.9	<i>535.2</i>	<i>495.8</i>
Included in the above categories are Indigenous Australians. The rates within this group are:				
- Imprisonment	2,152.8	1,957.1	<i>2,199.7</i>	<i>2,030.6</i>
- Community corrections	3,340.0	2,946.3	<i>3,551.1</i>	<i>3,173.3</i>

Source: Productivity Commission's Report on Government Services 2007.

* Only applicable to NSW and ACT.

The number of persons and length of sentences of offenders managed by the Department is the direct result of the activities of the NSW Police Force and sentencing authorities. They are not performance measures of the Department but they drive a number of departmental performance measures.

In New South Wales, the proportion of the adult population sent to prison climbed from 2.1 per cent above the national rate in 1997-98 to 10.8 per cent above the rate in 2005-06 (ten per cent greater in 2004-05).

Safety and Containment

Year ended 30 June	Rate per 100 Offenders			
	2005		2006	
	NSW	National	NSW	National
Type of Assault				
Prisoner on prisoner*:				
- Serious assault	0.75	0.68	<i>0.36</i>	<i>0.56</i>
- Assault	11.88	8.02	<i>14.97</i>	<i>9.01</i>
Prisoner on officer*:				
- Serious assault†	--	0.03	--	<i>0.06</i>
- Assault†	1.13	0.93	<i>0.69</i>	<i>0.74</i>
Apparent unnatural death	0.09	0.07	<i>0.05</i>	<i>0.04</i>
Escapes/absconds rates:				
- Open perimeter†	0.58	1.23	<i>0.37</i>	<i>1.14</i>
- Secure perimeter†	0.06	0.02	<i>0.07</i>	<i>0.02</i>

Source: Productivity Commission's Report on Government Services 2007.

* The Productivity Commission acknowledges that data on assaults are not strictly comparable across all states. 'Serious assaults' refer to acts of physical violence resulting in actual bodily harm involving hospitalisation, including sexual assault. Assaults refer to violence resulting in physical injury but not involving hospitalisation.

† Information not available for every jurisdiction.

New South Wales inmates average fewer out of cell hours than many other jurisdictions. However, differences in recording practices make this comparison difficult. Out of cell hours is one of the measures of effective inmate management.

Year ended 30 June	Out of Cell Hours per Day			
	2005		2006	
	NSW	National	NSW	National
Open perimeter†	11.1	12.8	<i>11.9</i>	<i>13.1</i>
Secure perimeter†	8.7	9.8	<i>7.6</i>	<i>9.3</i>

Source: Productivity Commission's Report on Government Services 2007.

† Information not available for every jurisdiction.

Community Correction Orders

Year ended 30 June	Rate per 100 Offenders			
	2005		2006	
	NSW	National	NSW	National
Orders successfully completed:				
Restricted movement*	78.7	72.1	83.5	77.2
Reparation	75.6	70.5	74.0	70.4
Supervision (compliance)	83.6	77.1	81.3	72.8
All orders	81.6	74.3	79.4	72.0

Source: Productivity Commission's Report on Government Services 2007.

* Not applicable to all jurisdictions.

Community correction orders are sentences not involving imprisonment. They comprise:

- restricted movement orders, which subject offenders to a system of restricted movement including supervision or electronic monitoring
- reparation orders, which involve community service bonds or orders requiring unpaid work or fine options
- supervision (compliance) orders applying to all other offenders.

A key effectiveness measure for offenders serving community correction orders is the proportion of orders successfully completed. The Department consistently performs better than the national rate for the successful completion of community correction orders.

Rate of Return

Rate of return is a broader justice-wide outcome and is not only related to the activities of the Department, but also to police, court and community activities. Rate of return is counted as an individual's returns to prison or community corrections following conviction by a court within two years of release from corrective services. It is a partial measure of the performance of the justice system in improving public safety by reducing the incidence of crime. The risk factors for returning to corrective services include criminal history/history of antisocial behaviour, family factors and social achievement. These risk factors are not identical to the risk factors for initial criminal involvement.

The table below shows the percentage of prisoners returning to prison and corrective services within two years of release.

Year ended 30 June	Per Cent			
	2005		2006	
	NSW	National	NSW	National
Prisoners returning to:				
Prison [†]	43.5	38.4	43.3	38.3
Corrective Services ^{†**}	46.7	44.7	46.1	45.2

Source: Productivity Commission's Report on Government Services 2007.

[†] ACT not provided.

^{**} Includes prison sentence or a community based order.

The State's rate of return is higher than most other Australian jurisdictions. However, there has been a marginal improvement on the previous year.

Prisoner Costs

Year ended 30 June	Cost per Day			
	2005		2006	
	NSW \$	National \$	NSW \$	National \$
Open prisons* (including periodic detention)	161.0	153.2	<i>183.0</i>	<i>173.3</i>
Secure prisons*	186.8	177.4	<i>194.2</i>	<i>189.0</i>
All prisons	174.5	170.1	<i>189.7</i>	<i>184.5</i>
Community corrections	10.7	11.3	<i>10.4</i>	<i>11.7</i>

The figures include the cost of offender containment with rehabilitation, reparation and prisoner transport. The costs are adjusted to eliminate jurisdictional differences.

Source: Productivity Commission's Report on Government Services 2007.

* Information not available for the Northern Territory.

Prison Officers' Employment Conditions

In recent years the Department introduced a work place reform program, 'The Way Forward', aimed at reducing the cost of service delivery. In our 2006 Report to Parliament we advised that the reform package had been implemented at then newly opened Mid North Coast and Dillwynia Correctional Centres. We also reported that these centres have lower levels of overtime and sick leave compared with other centres managed by the Department.

The reform package has now also been implemented at the recently opened Wellington Correctional Centre. The Department advised that it is negotiating with unions to extend the workplace reform package to the remainder of the Department's correctional centres and court complexes during 2007-08.

OTHER INFORMATION

Overtime

The overtime cost incurred during 2006-07 was \$43.7 million (\$41.1 million in 2005-06), 7.2 per cent (7.4 per cent) of total employee related expenses. The number of employees and overtime paid as a percentage of base pay are as follows:

Year ended 30 June	2006		2007	
Overtime Paid as a Percentage of Base Pay	Number of Employees	Overtime Paid \$'000	Number of Employees	Overtime Paid \$'000
> 100	13	639	7	457
90% - 100%	10	400	11	438
80% - 89%	36	1,347	16	654
70% - 79%	54	1,827	37	1,468
60% - 69%	101	2,964	85	2,907
50% - 59%	198	4,875	166	4,834
40% - 49%	260	5,342	261	6,264
30% - 39%	500	7,921	422	7,850
20% - 29%	635	7,267	662	8,744
10% - 19%	817	5,567	848	6,651
>0% - 9%	1,459	2,886	1,569	3,454
0%	3,207	--	3,186	--
Total	7,290	41,035	7,270	43,721

The Department's review of overtime identified that it exceeded budget by \$23.0 million (\$21.0 million). The review also identified that one employee had received \$90,000 in overtime during the financial year.

Long Bay Prison Hospital and Forensic Hospital

In 2006-07 a private sector company was engaged to finance, design, construct and maintain the Forensic and Prison Hospital at Long Bay. The development is a joint project between the Department and the Department of Health. The new development will be completed in 2009. The Department has assessed its capital commitments on this project at \$200 million.

Practises and Procedures

In previous years we reported to Departmental management that the Fixed Assets Register was not being adequately updated to reflect revaluations. We understand that the Department is currently considering upgrading its fixed assets software to address this matter.

We also reported that an overall Business Continuity Plan that complies with NSW Premier's Department Circular 2003-02 'Electronic Information Security - Business Continuity Planning' had not been finalised. The Department advised us that while it is compliant against standard AS7799, that certification is scheduled to be upgraded to AS/NZS27001 during 2007-08.

Although it has business continuity plans in place at a business unit level, an overarching plan remains in development.

We identified some other opportunities for improvement to accounting and internal control procedures. We will discuss these matters with Departmental staff and, where appropriate, report them to management.

We will continue to monitor these matters during our 2007-08 audit.

FINANCIAL INFORMATION

Abridged Operating Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Employee related	607,665	553,140
Other expenses	248,509	240,533
TOTAL EXPENSES	856,174	793,673
TOTAL REVENUES	41,290	37,695
NET COST OF SERVICES	814,884	755,978
Government contributions	847,912	794,376
SURPLUS FOR THE YEAR	33,028	38,398

Employee related expenses increased due to higher staff levels needed for increased inmate numbers and award increases.

Other expenses reflect the additional costs incurred following a rise in the average number of people in full-time custody each day compared to the previous years (9,468 in 2006-07; 9,101 in 2005-06).

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Current assets	26,959	42,386
Non-current assets	1,588,456	1,438,225
TOTAL ASSETS	1,615,415	1,480,611
Current liabilities	127,796	122,076
TOTAL LIABILITIES	127,796	122,076
NET ASSETS	1,487,619	1,358,535

Non-current assets reflect capital expenditure of \$115 million and a revaluation increment of \$96.0 million. Current liabilities increased mainly because of higher employee related provisions.

Program Information

The table below details the Department's net cost of services on a program basis:

Year ended 30 June	2007			2006
Program Description	Revenues \$'000	Expenses \$'000	Net Cost of Services \$'000	Net Cost of Services \$'000
Containment and care of prisoners	16,921	612,929	596,008	567,050
Assessment, classification and development of prisoners	22,340	144,379	122,039	102,089
Alternatives to custody	2,029	98,866	96,837	86,839
Total all programs	41,290	856,174	814,884	755,978

DEPARTMENT ACTIVITIES

The Department's primary responsibility, under the *Crimes (Administration of Sentences) Act 1999* is to carry out the decisions of courts and releasing authorities. The Department's mission is to manage offenders in a safe, secure and humane manner and reduce risks of re-offending.

The Department is responsible for the State's 31 correctional centres, one of which is a privately managed prison (Junee Correctional Centre) and one is a juvenile correctional centre (Kariong Juvenile Correctional Centre). The Department is also responsible for two transitional centres.

The Department is accountable for the Corrective Services Academy, eight periodic detention centres, 65 Community Offender Services offices and 14 twenty-four hour court cell centres.

For further information on the Department, refer to www.dcs.nsw.gov.au.

Minister for Juvenile Justice

Department of Juvenile Justice

Department of Juvenile Justice

AUDIT OPINION

The audit of the Department's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

PERFORMANCE INFORMATION

The following commentary is based on information provided by the Department regarding its performance.

Risk factors for juvenile involvement in crime include poor parental supervision, negative peer associations, truancy, poor school performance and substance abuse. Several government agencies, including the Department, work closely with young people whose lives have these risk factors.

The Department is responsible for the operation of youth justice conferencing and formally supervises juvenile offenders when required by the Courts. The Courts do not require the Department to supervise all juvenile offenders on probation. Juveniles are also diverted from juvenile justice supervision via police warnings, cautions, and youth justice conferences and unsupervised court orders.

The Department is responsible for the operation of youth justice conferences. Young offenders are required to complete an outcome plan, which contain a set of tasks that are closely monitored by the Department.

The following table shows the number of youth justice conferences facilitated, admissions of young people into remand in custody and community-based orders supervised by the Department.

Year ended 30 June	2003*	2004*	2005*	2006	2007
Total number of youth justice conferences facilitated	1,357	1,227	1,232	1,111	1,185
Total number of community-based supervision orders commenced	4,154	2,766	2,508	2,692	3,121
Total number of remand admissions in custody	3,467	3,260	3,450	3,623	4,263
Total number of control admissions in custody	859	489	407	468	514
Percentage of young people in contact with the Department throughout the year who are Indigenous:					
Attending a youth justice conference (%)	24.3	26.0	27.0	27.0	27.2
Remanded in custody (%)	38.4	39.6	37.8	37.3	37.8
Under community-based supervision (%)	32.9	36.8	33.2	34.0	39.5
On control orders (%)	45.1	48.8	47.4	47.5	54.7

* Figures adjusted to exclude Kariiong Juvenile Centre (transferred to the Department of Corrective Services in November 2004).

The table suggests that indigenous juveniles are over-represented in the juvenile justice system. The Department advised us that the number of young people in custody, whether in the Community or in Custodial Care, is influenced by a number of external factors related to initiatives in the broader justice system over which the Department has no control. It also informed us that it has specific programs to assist young indigenous people.

The Department advised that Statistics on Juvenile Detention in Australia published by the Australian Institute of Criminology suggest that the rate of juvenile offenders in detention per 100,000 of population has fallen by approximately 25 per cent for males and 21 per cent for females between 1996-97 and 2004-05.

According to the Department, the daily cost per juvenile in custodial services in New South Wales in 2006-07 was \$556.00 (\$572.00 in 2005-06). The daily cost per juvenile in community-based services in 2006-07 was \$23.00 (\$23.00).

The average daily cost per young person in youth justice conferencing was \$11.00 (\$12.00).

The Department advised that an increase in both remand and control admissions into juvenile justice centres is influencing the daily number of young people in custody. The average daily number in custody has increased from 309 in 2005-06, to 331 in 2006-07. Also, the increased daily numbers are affecting the Department's capacity to accommodate juveniles in its centres.

OTHER INFORMATION

We identified some opportunities for improvement to accounting and internal control procedures (relating to fixed assets and payroll/personnel). We will discuss these matters with Departmental staff and where appropriate report them to management.

FINANCIAL INFORMATION

Abridged Operating Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Employee related	108,172	101,562
Other	37,851	36,997
TOTAL EXPENSES	146,023	138,559
TOTAL REVENUE	5,151	8,896
Loss on disposal of non-current assets	30	9,685
NET COST OF SERVICES	140,902	139,348
Government contributions	138,750	139,209
DEFICIT	2,152	139

The increase in employee related expenses reflects pay rises and higher front line staff numbers in custodial services.

Revenue includes Treasury Managed Fund hindsight adjustments of \$1.6 million (\$3.6 million).

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Current assets	13,589	15,333
Non-current assets	232,001	227,851
TOTAL ASSETS	245,590	243,184
Current liabilities	14,551	13,900
Non-current liabilities	634	700
TOTAL LIABILITIES	15,185	14,600
NET ASSETS	230,405	228,584

Non-current assets increased by \$4.2 million largely due to additions and the revaluation of property, plant and equipment.

ENTITY ACTIVITIES

The Department provides three core service delivery programs covering youth justice conferencing, community and custodial services. The programs are aimed at providing services to young offenders to decrease their re-offending and increase their capacity to successfully reintegrate into their communities.

For further information on the Department, refer to www.djj.nsw.gov.au.

Minister for Lands

Crown Leaseholds Entity

Department of Lands

Land Development Working Account

Crown Leaseholds Entity

AUDIT OPINION

The audit of the Entity's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

KEY ISSUES

Aboriginal Land Claims

In 2006-07, enhancements in geospatial technology enabled the Entity to determine a reliable estimate of aboriginal land claims granted but not transferred. As these claims were granted over a number of years, the value has been recognised as a prior period error in the financial report. The Entity's financial report includes \$1.0 billion (\$1.0 billion in 2005-06) of Crown land for which an aboriginal land claim has been granted, but not transferred.

The land is included as both an asset and a liability of the Entity on the basis that whilst the Crown retains control of the land until legal title has passed, a present obligation exists to transfer the land.

For further information on Aboriginal Land Claims refer to the Department of Lands comment elsewhere in this volume.

FINANCIAL INFORMATION

Abridged Income Statement

Year ended 30 June	2007 \$'000	2006 \$'000
TOTAL REVENUE	78,961	44,084
Loss on disposal of land	31,349	36,582
Aboriginal Land Council - claims granted	25,508	9,946
Decrement on revaluation of land	14,866	28,501
Other	2,556	2,249
TOTAL EXPENSES	74,279	77,278
SURPLUS/(DEFICIT)	4,682	(33,194)

The increase in revenue arose mainly from the transfer of land from reserve trusts to the Entity for no consideration, valued at \$31.0 million (\$5.0 million).

The claims granted to Aboriginal Land Councils of \$25.5 million (\$9.9 million) resulted from the granting (and subsequent transfer of title) of a large area of Crown land at Port Stephens to the Worimi Local Aboriginal Land Council.

The decrement on revaluation of \$14.9 million (\$28.5 million) resulted from the need to revalue land prior to transfer to other government agencies.

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Current assets	36,989	30,018
Non-current assets	6,178,043	5,796,667
TOTAL ASSETS	6,215,032	5,826,685
Current liabilities	26,779	30,246
Non-current liabilities	1,009,359	1,024,762
TOTAL CURRENT LIABILITIES	1,036,138	1,055,008
NET ASSETS	5,178,894	4,771,677

Crown land was revalued in 2006-07 resulting in a net increase in value of \$519 million.

The value of land held at 30 June 2007 was \$6.2 billion, comprising unallocated Crown land valued at \$5.6 billion and leasehold land valued at \$552 million. Unallocated Crown land includes land on the continental shelf within the Three Nautical Mile Zone valued at \$359 million and granted aboriginal land title claims not transferred valued at \$1.0 billion.

Annually the Entity transfers cash generated from its operations to the Consolidated Fund. In 2006-07, \$54.8 million (\$61.2 million) was transferred to the Consolidated Fund.

AGENCY ACTIVITIES

The Entity reports the value of the Crown land tenures and unallocated Crown lands. It collects instalments arising from the sale of unallocated Crown lands and generates revenues from leases, licenses and permissive occupancies of Crown land. The Entity's activities are administered by the Department of Lands, reported separately at the request of Treasury, and its financial report is consolidated in the financial report of the Crown Entity.

Department of Lands

AUDIT OPINIONS

The audit of the Department's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

Land and Property Information New South Wales (LPI) is a commercial activity within the Department of Lands that is required to prepare a separate financial report. The audit of LPI's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

KEY ISSUES

Inventory of Crown Land

We recommend the Department establish an appropriate centralised record of all Crown land in NSW in order to meet its responsibilities under the *Crown Lands Act 1989*.

The Department is responsible for establishing a programme of assessment of all Crown land in NSW in accordance with the *Crown Lands Act 1989*. The assessment must include an inventory of Crown land; an assessment of the capabilities of the land; and the identification of suitable uses for the land and, where practicable indicating the preferred use or uses.

While information on Crown lands exists within the Department, it does not have a centralised inventory of all Crown land in New South Wales, nor does it have a mechanism of recording all required information. As a result, the Department cannot demonstrate it has fulfilled all its responsibilities under the *Crown Lands Act 1989*.

Reserve Trusts (Repeat Issue)

We recommend the Department centrally records the receipt and review of all reserve trusts annual reports to help it effectively monitor compliance with the requirements of the *Crown Lands Act 1989*.

The responsibility for monitoring and follow-up of annual reports of reserve trusts required in accordance with the *Crown Lands Act 1989* and Regulation is performed at the Department's regional offices. As was the case last year, the Department is unable to readily advise how many annual reports were received. The Department has sought funding from NSW Treasury to develop an on-line information system that will enable reserve trusts to electronically submit their annual reports and for the Department to effectively monitor compliance.

The Department advises that there are over 37,000 Crown reserves and dedications in New South Wales. In excess of 6,000 Crown reserves are administered by reserve trusts. Given the significant number of reserve trusts in the State, the Department advises it may not have adequate resources to ensure compliance with legislative and Departmental requirements.

Under the requirements of the *Crown Lands Act 1989*, each reserve trust must submit a report on its activities to the Minister within three months of the end of the trust's financial year. Under the Regulation, the Minister may require a reserve trust to have the report audited. In accordance with Departmental policy, all annual reports must be submitted with an audit certificate. Reserve trusts with an annual income greater than \$10,000 and showground trusts must have the audit performed by a registered company auditor.

Aboriginal Land Claims

We recommend the Department reduces the time taken to process Aboriginal Land claims.

The Department investigates aboriginal land claims made under the *NSW Aboriginal Land Rights Act 1983*. Under the Act, claims can be made over claimable Crown land, being lands that can be lawfully sold or leased, or are reserved or dedicated for any purpose under the *Crown Lands Act* or *Western Land Act* and are not required for an essential purpose, not required for residential land, or not lawfully used and/or occupied.

During the year 1,154 (6,980 in 2005-06) Aboriginal Land Claims were lodged and 387 (182) were finalised. Of these, 12 claims were granted and 375 were refused. A large proportion of the claims lodged in 2006-07 were over freehold land. Claims over freehold land cannot be granted under the *NSW Aboriginal Land Rights Act 1983*, and these claims do not require further investigation.

Of the 15,581 claims lodged under the Act to 30 June 2007, 8,922 (57 per cent) were unresolved as at 30 June 2007, with 344 claims unresolved for more than ten years.

We recommend the Department reduces the time taken to transfer legal title to successful Aboriginal Land claimants.

The Crown Leaseholds entity has \$1.0 billion of land granted to Aboriginal Land claimants that has not been transferred due to the absence of legal title.

Legal title cannot pass until the land has been surveyed and details recorded on the State's Digital Cadastral Database so that formal title can be issued in the name of the relevant local Aboriginal Land Council. Until legal title passes, claimants cannot fully access or use the land. Based on current survey resourcing capacity, it may take more than 20 years before all current granted claims are cleared.

Soil Services Treasurer's Advance

We recommend the Department and NSW Treasury agree and document reasonable repayment terms for a NSW Treasury loan. Consideration should also be given to converting the loan to a grant.

The Department records an interest-bearing loan of \$3.2 million as at 30 June 2007 for Treasurer's Advances made between 1956 and 1987. Documentation supporting the repayment terms of this loan has not been located to date. For over a decade, the Department has made annual payments of \$47,000 of which \$5,000 represents repayment of principal and \$42,000 represents interest. Based on the current repayments, it will take the Department 606 years to fully repay the loan and over the remaining life of the loan, the Department will have paid \$25.3 million in interest.

PERFORMANCE INFORMATION

Land and Property Information NSW

LPI provides mapping, titling, valuation, survey and related land information services to organisations and individuals throughout NSW, Australia and internationally. The prime objective of LPI is to be recognised as the leading provider of land and property information for New South Wales.

The following table analyses the financial performance of LPI during 2006-07:

Year ended 30 June	Actual					Target*
	2003**	2004	2005	2006	2007	2007
Earnings before interest and tax (\$m)	(14.0)	39.0	16.9	94.5	75.1	10.2
Return on equity (%)	(37.8)	95.1	(100.0)	135.4	62.6	(71.0)
Return on assets (%)	(10.3)	24.9	12.1	62.6	38.5	8.0
Target contribution to Consolidated Fund payable (\$m)	--	23.0	25.8	14.6	16.5	6.1
Capital expenditure (\$m)	13.3	13.2	15.8	14.7	19.5	19.5

* Target agreed with Minister for Lands and Treasurer in the Statement of Business Intent.

** Results impacted by unfavourable movement in superannuation expenses and loss on revaluation of land & buildings.

In 2006-07, the earnings before interest and tax, \$75.1 million, was much greater than the target of \$10.2 million because LPI received actuarial gains of \$40.1 million (\$56.7 million) from defined benefit superannuation funds compared to a budgeted expense of \$16.0 million. Revenues were also \$6.3 million higher than budget.

The better than targeted earnings also resulted in the return on equity and return on assets being greater than target, and increased the contribution to Consolidated Fund.

The largest source of LPI's revenue comes from its titling business, which includes document registrations, plan registrations and title copies. Land valuations also provide a significant portion of LPI's revenue. The following table provides information on LPI's activity in these areas:

Year ended 30 June	Actual					Target*
	2003	2004	2005	2006	2007	2007
Title copies ('000s)	4,336	4,713	4,253	4,271	4,400	3,500
Document registrations ('000s)	1,006	1,009	807	810	794	880
Plan registrations ('000s)	13	14	13	12	11	13
Total valuations ('000s)	2,313	2,335	2,358	2,373	2,389	2,400
Average equivalent full time employees (EFT)	913	911	903	905	928	868

* Source: LPI Statement of Business Intent 2006-07.

OTHER INFORMATION

We identified opportunities for improvement in some internal procedures. These will be reported to Management.

Torrens Assurance Fund

The Torrens Assurance Fund was established to meet claims for losses arising out of fraud or departmental error and is funded from fees paid to the Registrar-General for the lodgement of any dealing. As in the prior year, a charge of four dollars is added to the cost of each land dealing. This charge raised \$3.2 million (\$3.2 million) for payment into the Fund. The balance of the Fund as at 30 June 2007 totalled \$17.6 million (\$14.8 million).

The Registrar-General paid claims totalling \$434,000 (\$164,000) during the year from the Fund. These costs included compensation payments and disbursements such as counsels' fees. As at 30 June 2007 there were 42 (32) unresolved claims with a total estimated value of \$22.8 million (\$14.7 million). Unresolved claims are disclosed as contingent liabilities in the Department's financial report.

The Torrens Assurance Fund is unfunded by \$5.2 million as at 30 June 2007, however the claim estimates are calculated on the assumption that all disputed claims will be lost by the Department.

Major Projects

The Department has a number of projects integral to meeting its purpose of providing quality, timely and reliable geospatial information, and land management products and services.

Year ended 30 June	Forecast Completion	Forecast Total Cost	Actual Total Cost	Budget 2007	Actual 2007	Below/ (Over) Budget 2007
		\$'000	\$'000	\$'000	\$'000	\$'000
Electronic Data Processing Equipment Upgrade	2010	46,428	31,710	5,000	4,883	117
Old System and Manual Titles Conversion	2007	6,000	7,297	1,441	2,899	(1,458)
Crown Parcels Conversion	2009	4,802	699	1,376	699	677
Electronic Service Delivery System Upgrade	2007	4,800	5,273	2,021	3,415	(1,394)
E-Channel Services Development	2008	4,500	3,600	986	317	669
Building Improvements	2009	4,500	2,135	1,500	2,135	(635)
National Electronic Conveyancing System	2010	4,000	608	1,000	608	392
Digitisation of historical plans	2009	3,999	2,623	900	592	308
Aerial Digital Camera	2010	3,484	2,398	2,944	2,398	546

The Electronic Data Processing Equipment Upgrade project involves the replacement of IT hardware that underpins the Department's IT system. This includes computer replacements, network server upgrades, cabling, and related software purchases.

The Old System and Manual Titles Conversion project is overspent in 2006-07 due to the discovery of additional titles needing conversion. Originally it was estimated that 15,000 old system titles needed to be converted to Torrens title, however during the conversion process an additional 7,000 titles were found.

The Electronic Service Delivery System Upgrade project is overspent in 2006-07 due to the implementation of the Spatial Information Exchange (SIX) Portal (www.six.nsw.gov.au) and related projects. The development and improvement of Electronic Service Delivery remains a strategic goal of the Department.

FINANCIAL INFORMATION

Abridged Operating Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Employee related expenses	75,156	51,791
Other operating expenses	71,925	60,675
Other	30,238	28,958
TOTAL EXPENSES	177,319	141,424
Sale of goods and services	170,935	158,182
Other revenue	17,350	14,259
TOTAL REVENUE	188,285	172,441
Loss on disposal of non-current assets	24	295
NET COST OF SERVICES	(10,942)	(30,722)

The increase in employee related expenses resulted from a lower offsetting actuarial gain recognised from defined benefit superannuation funds (\$42.0 million compared to \$65.6 million in 2005-06).

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Current assets	76,508	75,753
Non-current assets	219,636	156,554
TOTAL ASSETS	296,144	232,307
Current liabilities	92,133	83,290
Non-current liabilities	16,590	33,218
TOTAL LIABILITIES	108,723	116,508
NET ASSETS	187,421	115,799

The increase in non-current assets resulted from the revaluation of the Department's infrastructure systems (the Tweed River Entrance Sand Bypass Project) and the change in the defined benefit superannuation position from being unfunded (non-current liabilities) to overfunded (non-current assets), reflecting above benchmark returns achieved on superannuation fund reserve assets.

DEPARTMENT ACTIVITIES

The Department consists of commercial, semi-commercial and non-commercial units. Land and Property Information provides information about property on a commercial basis, including surveying, mapping, titling, valuations and related geospatial information. Soil Services provides conservation and land management services on a semi-commercial basis. Non-commercial activities include the sustainable management of Crown lands, and the management of Aboriginal Land Claims and Native Title applications.

The Department's non-commercial activities are funded from the Consolidated Fund.

For further information on the Department, refer to www.lands.nsw.gov.au.

Land Development Working Account

AUDIT OPINION

The audit of the Land Development Working Account's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

FINANCIAL INFORMATION

Year ended 30 June	2007 \$'000	2006 \$'000
Sales revenue	19,537	21,060
Cost of sales	7,155	9,503
Gross profit	12,382	11,557
Other expenses	1,726	1,878
Surplus	10,656	9,679
Net assets (at 30 June)	11,094	9,438

Sales of undeveloped land amounted to \$16.6 million at a gross profit margin of 196 per cent (\$11.0 million 2005-06).

Developed land sales totalled \$2.7 million at a gross profit margin of 73 per cent (minus two per cent). The gross profit margin on individual sales varied considerably, ranging between minus two and plus 103 per cent. Three parcels of developed land comprising of 16 allotments were sold. The major sale was six residential allotments in Coleambally at an average gross margin of 103 per cent.

Other expenses comprised general activity and administration costs paid to the Department of Lands.

A distribution of \$6.5 million (\$28.0 million) was paid to the Consolidated Fund representing the agreed return to the State from prior period profits. In 2006-07, provision was made for a distribution of \$9.0 million to be paid to the Consolidated Fund in 2007-08.

ACCOUNT'S ACTIVITIES

The Land Development Working Account records the commercial activities of the Crown Entity that are conducted by the Department of Lands. These commercial activities mainly comprise the development and sale of land for residential purposes in country New South Wales and commercial purposes on a State wide basis. The Land Development Working Account is administered by the Department of Lands, reported separately at the request of Treasury, and its financial report is consolidated in the financial report of the Crown Entity.

Minister for Local Government

Department of Local Government

Department of Local Government

AUDIT OPINION

The audit of the Department's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

KEY ISSUES

Council Investments

The Department has set up a committee with representatives from NSW Treasury to articulate procedures for compliance with the forms of investments allowed under the *Local Government Act 1993*. The importance of clear procedures has been highlighted by the exposure of some Councils to the sub-prime mortgage crisis in the United States of America.

PERFORMANCE INFORMATION

NSW Local Government Councils Comparative Information and Publications

We recommend consideration be given to improving the timeliness of compiling and reporting comparative information on the performance of all local councils in New South Wales.

More up to date information will increase the relevance of the report.

The Department compiles comparative information on the performance of all local councils in the State. The latest publication 'Comparative Information on NSW Local Government Councils 2004-2005' was issued in January 2007 and this publication reported a range of comparative data such as the average level of revenues generated by each council, capital expenditure ratio, current ratio, debt service ratio, etc.

Performance Information of Local Councils

The following table highlights key findings of the Department based on the New South Wales median figure.

NSW Median	2003	2004	2005
Total ordinary activities revenue per capita (\$)(a)	1,048	1,102	1,069
Total expenses from ordinary activities per capita (\$)(b)	1,055	1,076	1,062
Capital expenditure ratio (c)	1.10	1.08	1.28

Source: 'Comparative Information on NSW Local Government Councils 2004/2005'.

Calculated as:

- (a) total ordinary activities revenue before capital receipts divided by the estimated resident population within council boundaries.
- (b) total expenses from ordinary activities before capital expenditure divided by the estimated resident population within council boundaries.
- (c) total 2004/05 property, plant and equipment minus total 2003/04 property, plant and equipment multiplied 100 and divided by 2004/05 depreciation expense.

Capital expenditure ratio

A capital expenditure ratio of 1:1 is an indicator that depreciation expense was equivalent to the amount by which assets have increased. This indicator assesses a council's ability to replace or add to capital assets compared with the consumption (depreciation) of assets. It does not include land, water and sewerage assets.

A gradual increase in the capital expenditure ratio indicates that councils in New South Wales have been acquiring or replacing assets to build infrastructure at a rate greater than consumption (depreciation) of assets.

Current ratio

The current ratio is an indicator of a council's ability to meet its short term financial obligations as they fall due. The current ratios in New South Wales during 2004-05 ranged from a low of 0.92:1 to a high of 13.26:1. The table below indicates that 99.4 per cent of councils in New South Wales are sufficiently liquid to meet their short-term financial obligations.

Current ratio range (a)	2003		2004		2005	
	No of Councils	%	No of Councils	%	No of Councils	%
<=1	3	1.8	1	0.6	1	0.6
>1=2	51	29.9	45	26.5	34	22.7
>2=3	57	33.3	51	30.0	42	28.0
>3=4	18	9.9	30	17.7	36	24.0
>4	43	25.1	43	25.3	37	24.7
	172	100.0	170	100.0	150	100.0

Source: 'Comparative Information on NSW Local Government Councils 2004/2005'.

(a) Calculates as: Current assets less all external restrictions divided by current liabilities less specific purpose liabilities.

Debt Service Ratio

The debt service ratio indicates the proportion of revenue from ordinary activities utilised for debt repayment. It is generally higher for councils which have acquired funding for infrastructure development. Ninety four councils (62.6 per cent) of the 150 councils that lodged financial reports had a debt service ratio of less than five per cent and a further 51 councils (34 per cent) had a ratio of between five per cent and ten per cent.

Debt service ratio range	2003		2004		2005	
	No of Councils	%	No of Councils	%	No of Councils	%
No debt	15	8.7	18	10.6	13	8.7
>0=5	88	51.2	90	52.9	81	54.0
>5=10	46	26.7	46	27.1	51	34.0
>10=15	17	9.9	14	8.2	3	2.0
>15	6	3.5	2	1.2	2	1.3
	172	100.0	170	100.0	150	100.0

Source: 'Comparative Information on NSW Local Government Councils 2004/2005'.

Other Publications

The Department also issues various publications across a broad spectrum of activities designed to assist the general public. The latest publication 'Council Reports of Dog Attacks in NSW' was issued in June 2007 for the 2006-07 financial year. The publication was compiled from data provided by local councils in New South Wales and through statistical analysis, the Department established key trends about the nature of dog attacks.

FINANCIAL INFORMATION

Year ended 30 June	2007 \$'000	2006 \$'000
Retained revenue	6,125	5,403
Government contributions	80,431	81,341
Salaries and related expenses	6,600	6,636
Other expenses	80,992	80,412
Net cost of services	81,467	81,640
Net assets (at 30 June)	5,593	6,629

Total revenue increased by 13.4 per cent during the year, primarily due to an increase of \$658,000 in retained taxes, fees and fines.

Abridged Program Information

Year ended 30 June	2007			2006
	Revenues \$'000	Expenses \$'000	Net Cost of Services \$'000	Net Cost of Services \$'000
Development, oversight of and assistance to local government	321	9,575	9,254	8,943
Rate rebates for pensioners	--	72,004	72,004	72,940
Companion animals	5,804	6,013	209	(243)
Total all programs	6,125	87,592	81,467	81,640

DEPARTMENT ACTIVITIES

The Department aims to improve the quality of service from local government by providing a clear legislative, policy and performance framework, and by monitoring the 152 local government councils in the State.

For further information on the Department, refer to www.dlg.nsw.gov.au.

Minister for Mineral Resources

Mine Subsidence Board

New South Wales Coal Compensation Board

Mine Subsidence Board

AUDIT OPINION

The audit of the Board's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

OTHER INFORMATION

We identified opportunities for improvement to accounting and internal control procedures and have reported them to management.

FINANCIAL INFORMATION

The following information relates to the Board's finances.

Year ended 30 June	2007 \$'000	2006 \$'000
Revenue	11,245	12,415
Expenditure	11,944	7,147
(Deficit)/surplus	(699)	5,268
Net Assets (at 30 June)	43,080	43,779

The deficit was mainly due to the Board accepting \$6.5 million (\$129,000 in 2005-06) of preventative works during the year. Preventative works are carried out to reduce the total prospective liability to the Compensation Fund. The Board accepts liability for these works on advice.

ENTITY ACTIVITIES

The Board's main objective is to provide compensation payments for damage caused by mine subsidence on land anywhere within the State following coal or shale prospecting, or extracting coal or shale.

The Board is established under the *Mine Subsidence Compensation Act 1961*. It is subject to the control and direction of the Minister for Mineral Resources.

For further information on the Board, refer to www.minesub.nsw.gov.au.

New South Wales Coal Compensation Board

AUDIT OPINION

The audit of the Board's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

KEY ISSUES

Liquidity Issues and Economic Dependency

The Board will likely cease operations in December 2007 once the last claim on appeal is paid and there are no further claims to be assessed.

At 30 June 2007, the Board's total liabilities exceeded total assets by \$10.7 million. As a consequence, the Board's ability to discharge its obligation's as and when due, is dependent on supplementary funding from the NSW Treasury. The Treasurer approved a total of \$5.2 million for the financial year 2007-08 and in September 2007 approved an additional \$4.0 million for 2007-08.

PERFORMANCE INFORMATION

Compensation Claims and Settlements

Class	Balance 1 July 2006		Net Settlements/Transfers/ Adjustments		Balance 30 June 2007	
	No. of Claims	\$'000	No. of Claims	\$'000	No. of Claims	\$'000
Assessed claims	255	31,026	(223)	(19,481)	32	11,545
Claims under litigation	4	14,525	(4)	(14,525)	--	--
Reacquisition claims under litigation	31	11,803	(31)	(11,803)	--	--
Pecuniary loss claims	27	3,916	(25)	(3,891)	2	25
TOTALS	317	61,270	(283)	(49,700)	34	11570

Source: New South Wales Coal Compensation Board financial statements 2006-07.

The due date for lodgement of claims under any of the schemes administered by the Board has expired. The Board considers it is unlikely that there will be any new claims. The closing date for compensation scheme claims was 7 July 1994 and for most Reacquisition Scheme Claims was 30 June 1998.

The Voluntary Scheme is still open but requires Crown approval for a claimant to be successful in transferring title to the coal rights to the Crown and getting paid compensation.

During 2006-07 the number of outstanding claims decreased by 89 per cent and the corresponding provision fell by 81 per cent after claims were paid compared to 2005-06.

All 591 claims received from Local and State Aboriginal Land Councils for compensation for the loss of coal rights were processed and none were considered eligible.

At 30 June 2007, there were 214 native title claims held on file in the event that traditional owners are nominated by Aboriginal Land Councils before the scheme is closed (214 in 2005-06).

FINANCIAL INFORMATION

Year ended 30 June	2007 \$'000	2006 \$'000
Revenue	199	219
Employee related expenses	6,322	5,307
Other expenses	14,359	10,119
Net cost of services	20,482	15,207
Government contributions	74,091	45,491
Surplus	53,610	30,284

Other expenses increased by \$4.2 million mainly as a result of compensation settlements. Since the Board commenced operations, a total of \$785 million compensation has been paid (\$720 million).

BOARD'S ACTIVITIES

The Board was established under the *Coal Acquisition (Compensation) Arrangements Act 1985*. The Board determines claims and compensates private coal rights that are now vested in the State under the *Coal Acquisition Act 1981*. The Board also recommends to the Minister for Primary Industries, where it believes it is necessary, for the State to buy coal rights from private owners.

Schedule 1 to the *Coal Acquisition (Compensation) Arrangements Act 1985*, precludes the Board from being subject to the control and direction of the Minister for Mineral Resources in the exercise and discharge of its powers, authorities, duties and functions.

For further information on the Board, refer to www.ccb.nsw.gov.au.

Minister for Planning

Corporation Sole, 'Minister Administering the Environmental
Planning and Assessment Act 1979'

Corporation Sole, 'Minister Administering the Heritage Act 1977'

Department of Planning

Landcom

Sydney Harbour Foreshore Authority

Sydney Olympic Park Authority

Corporation Sole, 'Minister Administering the Environmental Planning and Assessment Act 1979'

AUDIT OPINION

The audit of the Corporation's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

KEY ISSUES

Western Sydney Parklands

A 27 kilometre corridor of open space stretching from Doonside to Leppington is earmarked for the Western Sydney Parkland. Land with a value of approximately \$250 million will be transferred from the Corporation to the Western Sydney Parklands Trust when the Trust is created.

The Western Sydney Parklands Trust will be established when the *Western Sydney Parklands Act 2006* is commenced.

OTHER INFORMATION

We identified opportunities for improvement to accounting and internal control procedures and have reported them to management.

FINANCIAL INFORMATION

The following information relates to the Corporation's finances.

Year ended 30 June	2007 \$'000	2006 \$'000
Revenue	39,456	114,646
Expenditure	23,903	21,255
Surplus	15,553	93,391
Net Assets (at 30 June)	1,252,068	1,275,701

Revenue and surplus declined mainly due to a one-off State Government contribution of \$78.8 million for the compulsory acquisition of land at Ropes Creek in 2005-06.

ENTITY ACTIVITIES

The Minister for Planning is incorporated as the Corporation, 'Minister Administering the Environmental Planning and Assessment Act, 1979'. The Corporation's main activities are to acquire land, control and manage its vested lands and dispose of surplus land.

The Land Management Branch of the Department of Planning administers the functions of the Corporation.

Corporation Sole, 'Minister Administering the Heritage Act, 1977'

AUDIT OPINION

The audit of the Corporation's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

FINANCIAL INFORMATION

Year ended 30 June	2007 \$'000	2006 \$'000
Revenue	916	960
Expense	927	639
Loss on disposal	--	(5,659)
Deficit	(11)	(5,338)
Net assets (at 30 June)	8,618	9,379

During the year, the Corporation transferred Exeter Farm at Glenwood valued at \$750,000 to the Historic Houses Trust and Tusculum at Potts Point for nil value..

THE CORPORATION'S ACTIVITIES

The Corporation's main function is to acquire and conserve heritage items and provide financial assistance for these purposes.

Under the *Heritage Act 1977*, the Minister for Planning is incorporated as the Corporation Sole, 'Minister Administering the Heritage Act 1977'.

For further information on the Corporation, refer to www.heritage.nsw.gov.au.

Department of Planning

AUDIT OPINION

The audit of the Department's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

OTHER INFORMATION

We identified opportunities for improvement to accounting and internal control procedures and have reported them to management.

BASIX Implementation

During the year, the Department implemented the Building Sustainability Index (BASIX) alterations and additions policy for major renovations. BASIX is forecast to save more than eight million tonnes of carbon dioxide and 287 billion litres of water over the next decade.

The Department also released the BASIX Monitoring Outcomes report detailing the sustainability compliance measures in its first year 2004-05. The report shows significant improvements in residential sustainable design measures. Most new homebuilders selected rain water tanks as an alternative water source, gas storage and gas instantaneous systems to meet BASIX requirements.

The Department has also introduced an online assessment tool called BASIX. This tool can be used by development applicants to help ensure new homes meet the State Government's targets to use less mains supply water and produce lower greenhouse gas emissions.

FINANCIAL INFORMATION

Abridged Operating Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Employee related	56,752	45,145
Other operating expenses	15,495	13,307
Grants and subsidies	25,249	12,511
Other expenses	1,453	367
TOTAL EXPENSES	98,949	71,330
Sale of goods and services	38,018	25,910
Other revenue	5,910	9,413
TOTAL REVENUE	43,928	35,323
Other losses	2,517	2,613
NET COST OF SERVICES	57,538	38,620
Government contributions	64,686	49,040
SURPLUS	7,148	10,420

The financial year 2006-07 was the first full year of operation of the Department. Unless otherwise stated, this was the main reason for the movements from previous year.

Grants and subsidies increased due to \$7.2 million grant for the operations of Redfern Waterloo Authority and additional \$3.9 million contribution to Corporation Sole 'Minister Administering the Environmental Planning and Assessment Act 1979'.

The decrease in other revenue reflected \$5.4 million recognised in 2005-06 for assets received for nil consideration and a \$2.1 million debt forgiven by the former Department of Natural Resources during 2006-07.

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Current assets	23,411	8,818
Non-current assets	32,730	34,411
TOTAL ASSETS	56,141	43,229
Current liabilities	25,218	18,364
Non-current liabilities	887	971
TOTAL LIABILITIES	26,105	19,335
NET ASSETS	30,036	23,894

Non-current assets include coastal lands with a value of \$24.4 million (\$24.4 million in 2005-06). The Department has not yet transferred this land to appropriate Local Government Councils.

Program Information

Year ended 30 June	2007		2006	
	Revenues \$'000	Expenses \$'000	Net Cost of Services \$'000	Net Cost of Services \$'000
Strategy and policy development	20,729	24,589	3,860	29,633
Minor development assessment and strategy	22,465	65,356	45,408	10,506
Heritage policy and assistance	734	9,004	8,270	(1,519)
Total all programs	43,928	98,949	57,538	38,620

DEPARTMENT ACTIVITIES

The Department oversees and implements Government policies on land use planning and development ensuring the ongoing sustainability of New South Wales' communities, and supporting local government planning functions.

It plays a critical role in key State investment decisions, in its role as lead agency advising the Minister and Government on the approval of major development and infrastructure projects of significance to New South Wales' economy and employment.

The Department leads and co-ordinates State-wide planning strategies to guide growth and development, and to inform infrastructure planning, staging and delivery.

Key legislation includes the *Environmental Planning and Assessment Act 1979*, the *Heritage Act 1977* and the *Coastal Protection Act*.

For further information on the Department, refer to www.planning.nsw.gov.au.

Landcom

AUDIT OPINION

The audit of Landcom's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

PERFORMANCE INFORMATION

Financial Performance

The table below compares Landcom's financial results against targets set in its Statement of Corporate Intent (SCI):

Year Ended 30 June	Actual					Target*
	2003	2004	2005	2006	2007	2007
Earnings before interest and income tax (\$m)	127.1	132.2	100.3	72.6	<i>68.4</i>	<i>69.6</i>
Dividend to Consolidated fund (\$m)	47.5	50.2	45.3	44.3	<i>39.6</i>	<i>38.6</i>
Income tax to Consolidated fund (\$m)	35.6	37.8	29.8	17.5	<i>17.7</i>	<i>16.5</i>
Return on equity (%)	26.1	24.6	16.6	12.3	<i>11.6</i>	<i>10.7</i>
Return on assets ‡ (%)	16.5	15.1	8.9	7.3	<i>5.8</i>	<i>5.9</i>
Debt to total equity (%)	9.5	33.7	55.0	48.6	<i>56.5</i>	<i>52.7</i>

* Performance indicators included in Landcom's 2006-07 SCI.

‡ Total Assets is defined to exclude cash equivalents (T-Corp Hourglass Investments).

Landcom achieved some of its financial targets for 2006-07. The targets however, were lower than those in previous years in anticipation of the continued weakening in demand for residential land and new housing.

Triple Bottom Line Reporting

Landcom is committed to being the leader in quality urban developments that are socially, environmentally and economically sustainable. It has developed performance indicators in consultation with its stakeholders. Landcom advised us that Triple Bottom Line reporting improves transparency, accountability and performance management and allows better understanding between Landcom and its stakeholders. Its performances against economic, social and environmental targets have been published in its Annual Report for 2007.

OTHER INFORMATION

We identified some minor opportunities for improvement to internal control procedures and reported them to management.

Distribution to New South Wales Treasury

Landcom's dividend payment is agreed with its shareholders annually as part of the Statement of Corporate Intent process. For the 2006-07 year, it was agreed to pay 100 per cent of the net profit after tax adjusted for certain non-cash items such as superannuation gains/losses and financial instrument fair value movements. This equated to 94.0 per cent of net profit after tax (100 per cent in 2005-06), being paid to NSW Treasury as a dividend.

Joint Ventures

Landcom no longer has an interest in any joint venture projects (two in 2005-06). Both the Quakers Hill and West Pennant Hills Projects ceased operations during the financial year. Landcom received \$224,000 in total as distributions of profits and returns on equity from these joint ventures in the 2006-07 year.

FINANCIAL INFORMATION

Abridged Income Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Land sales	322,479	317,276
Cost of sales	215,707	193,707
GROSS PROFIT	106,772	123,569
Other revenue	3,562	2,751
Finance income	5,181	4,690
Other expenses	55,669	69,272
PROFIT BEFORE INCOME TAX	59,846	61,738
Income tax equivalent expense	17,728	17,456
PROFIT	42,118	44,282

The number of properties sold during the year dropped from 727 in 2005-06 to 581. This reduction was primarily due to the continued soft demand in the property market. However, the value of land sales was marginally higher due to higher sale prices of lots.

Other expenses decreased by \$13.6 million, primarily due to a reduction that arose from a negotiated settlement of Council rates previously provided for. Marketing expenses also decreased by \$2.8 million.

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Land held for resale	491,504	510,453
Other	230,281	186,108
TOTAL ASSETS	721,785	696,561
Borrowings	204,321	174,697
Other	155,412	162,324
TOTAL LIABILITIES	359,733	337,021
NET ASSETS	362,052	359,540

Total liabilities increased primarily due to utilising an additional \$30.0 million loan from TCorp.

LANDCOM ACTIVITIES

Landcom develops and sells residential, commercial and industrial properties. As part of urban management, it develops land for residential purposes and redevelops inner city land for medium/high density housing. It also provides for the development of shopping centres, aged care and commercial facilities to complement its residential developments.

The principal objectives of Landcom are to:

- be a successful business, and to this end:
 - to operate at least as efficiently as any comparable business
 - to maximise the net worth of the State's investment in it
- exhibit a sense of social responsibility by having regard to the interests of the community in which it operates
- protect the environment by complying with the principles of ecologically sustainable development contained in section 6(2) of the *Protection of the Environment Administration Act 1991*
- approach regional development and decentralisation responsibly
- undertake, or assist the Government in undertaking, strategic or complex urban development projects
- assist the Government in achieving its urban management objectives
- be a responsible developer of residential, commercial and industrial land.

For further information on Landcom, refer to www.landcom.nsw.gov.au.

Sydney Harbour Foreshore Authority

AUDIT OPINION

The audits of the Authority and its controlled entities' financial reports for the year ended 30 June 2007 resulted in unqualified Independent Auditor's Reports.

Unless otherwise stated, the following commentary relates to the consolidated entity.

PERFORMANCE INFORMATION

The Authority provided the following information regarding its performance.

Conferences & Exhibitions

One of the Authority's functions is to manage conference and exhibition assets. Events and conferences statistics are as follows:

Year ended 30 June	2003	2004	2005	2006	2007
Events revenue (\$m)	452	481	539	482	<i>478</i>
International events	26	29	30	25	<i>31</i>
Attendance ('000s)	14	27	43	21	<i>24</i>
National conferences	552	490	471	422	<i>495</i>
Attendance ('000s)	1,102	1,042	1,032	1,040	<i>969</i>

Assessment of Planning Applications

Under delegation from the Minister and the Director-General of the Department of Planning, the Authority undertakes assessment of development applications under the *Environmental Planning and Assessment Act 1979*.

Details of application processed are as follows:

Year ended 30 June	Actual			Target
	2005	2006	2007	2007
Development applications	426	390	<i>222</i>	--
Processing time (days)	32	23	<i>21</i>	<i>40</i>
Modification applications	16	11	<i>30</i>	--
Processing time (days)	na	18	<i>22</i>	<i>40</i>

na: not available.

OTHER INFORMATION

We identified opportunities for improvement to accounting and internal control procedures and have reported them to management.

Upfront Lease Receipts

The Authority carried a liability of \$30.4 million (\$26.9 million 2005-06) for upfront cash receipts of its long term leases. It converted this liability to income when it identified that the leased properties had been transferred to other New South Wales government agencies. The adjustments have been largely effected against accumulated funds as they represented prior period errors.

Ballast Point

Last year we reported on the legal proceedings on compensation for land acquired from Walker Corporation Pty Ltd.

On 21 December 2006, the Court of Appeal allowed the Authority's appeal and remitted the matter to the Land & Environment Court for assessment of the market value of the land. On 25 May 2007, the High Court granted Walker Corporation special leave to appeal the Court of Appeal's decisions.

A determination from the High Court is not expected to occur for another six to 12 months. In the event that the Walker Corporation loses its appeal, the deposit of \$41.0 million will be claimed by the Authority.

FINANCIAL INFORMATION

Abridged Income Statement

Year ended 30 June	Consolidated		Parent	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
REVENUE				
Rental revenue	54,664	56,798	54,664	56,798
Commercial sales	45	3,530	45	3,530
Other	103,931	96,608	103,931	99,260
TOTAL REVENUE	158,640	156,936	158,640	159,588
EXPENSES				
Property related expenses	71,001	68,021	71,001	68,021
Employee related expenses	25,494	24,117	25,494	24,117
Depreciation and amortisation	15,260	13,563	15,260	13,563
Other expenses	35,261	35,150	35,261	35,150
TOTAL EXPENSES	147,016	140,851	147,016	140,851
Profit before income tax	11,624	16,085	11,624	18,737
Income tax expense	1,208	411	1,208	411
PROFIT	10,416	15,674	10,416	18,326

Commercial sales decrease reflects the winding up of the land sales program.

The marginal reduction in rental revenue is due to a few properties undergoing refurbishment.

Abridged Balance Sheet

At 30 June	Consolidated		Parent	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current assets	81,495	91,677	84,685	94,616
Non-current assets	1,069,978	1,051,645	1,066,788	1,048,706
TOTAL ASSET	1,151,473	1,143,322	1,151,473	1,143,322
Current liabilities	61,957	62,268	61,957	62,268
Non-current liabilities	415,995	418,828	415,995	418,828
TOTAL LIABILITIES	477,952	481,096	477,952	481,096
NET ASSETS	673,521	662,226	673,521	662,226

Acquisition of investment properties and constructions in progress contributed to the increase in non-current assets.

ENTITY ACTIVITIES

The Authority's role is to:

- protect and enhance the natural and cultural heritage of the foreshore area
- co-ordinate and promote the development and use of the area through cultural, educational, commercial, tourist, recreational, transport and entertainment facilities and activities.

The Authority owns and manages land within its precincts, including most Sydney Harbour foreshore land. The Authority also manages the Cooks Cove project in Arncliffe and the Luna Park Reserve Trust.

The Authority provides place management services on behalf of other organisations including the Circular Quay and King Street Wharf promenades, Blackwattle Bay, the Sydney Conservatorium of Music and the Overseas Passenger Terminal at Circular Quay.

The Authority was established under the *Sydney Harbour Foreshore Authority Act 1998*.

For further information on the Authority, refer to www.shfa.nsw.gov.au.

CONTROLLED ENTITIES

The following controlled entities have not been reported separately on as they are not considered material by their size or the nature of their operations to the consolidated entity.

For further financial and other information on these entities we have listed the entities' websites.

Entity Name	Website
Cooks Cove Development Corporation (CCDC)	www.shfa.nsw.gov.au
Office of the Sydney Harbour Foreshore Authority	*
The Sydney Harbour Foreshore Authority Casual Staff Division	*

* These entities do not have websites.

Sydney Olympic Park Authority

AUDIT OPINION

The audits of the Authority and its controlled entities' financial reports for the year ended 30 June 2007 resulted in unqualified Independent Auditor's Reports.

OTHER INFORMATION

We identified opportunities for improvement to accounting and internal control procedures and have reported them to management.

Merging of Sydney Olympic Park Aquatic and Athletic Centres

From 1 July 2006 the operations of the former Sydney Olympic Park Aquatic and Athletic Centres (SOPAAC) comprising assets, \$1.9 million and liabilities, \$1.9 million were merged with those of the Authority.

Major Projects

The first of the \$245 million Commonwealth Bank project's three new office buildings, providing 23,000 square metres of office space, is now complete. On completion of the remaining two buildings in the latter part of 2008, the complex will provide 58,000 square metres of office space and accommodate 3,500 bank staff.

Construction of the \$55.0 million Sydney Olympic Park's (the Park) private hospital complex is expected to begin in early 2008 with completion scheduled for 2009. The specialist hospital with a 94-bed facility will incorporate seven operating theatres and an eight-bed intensive care unit.

A \$65.0 million Sofitel Hotel and \$15.0 million Formula 1 Hotel are under construction and other recent developments include a \$32.5 million office/retail complex expected to commence in mid 2008.

FINANCIAL INFORMATION

Abridged Consolidated Income Statement

Year ended 30 June	Consolidated		Parent	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Employee related	19,751	13,533	--	--
Personnel Services	832	799	20,027	14,244
Operating expenses	48,765	40,186	48,486	40,181
Depreciation and amortisation	41,129	41,295	41,129	41,295
Grants and subsidies	800	4,947	2,000	5,122
TOTAL EXPENSES	111,277	100,760	111,642	100,842
TOTAL REVENUE	37,686	28,390	38,306	27,565
Gain on sale of non-current assets	1,963	2,733	1,963	2,733
Other gains	20,002	19,573	20,002	19,573
NET COST OF SERVICES	51,626	50,064	51,371	50,971
Government contributions	30,620	31,208	29,894	30,618
DEFICIT FOR THE YEAR	21,006	18,856	21,477	20,353

Increases in revenue and expenses were mainly due to the inclusion of the previously mentioned SOPAAC operations.

Abridged Consolidated Balance Sheet

At 30 June	Consolidated		Parent	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current assets	73,409	64,278	71,284	62,778
Non-current assets	1,489,103	1,513,217	1,489,103	1,513,217
TOTAL ASSETS	1,562,512	1,577,495	1,560,387	1,575,995
Current liabilities	17,270	14,870	17,113	14,867
Non-current Liabilities	33,317	29,694	33,317	29,694
TOTAL LIABILITIES	50,587	44,564	50,430	44,561
NET ASSETS	1,511,925	1,532,931	1,509,957	1,531,434

The fall in total assets was mainly due to the receipt of a further \$19.0 million instalment on the former Lidcombe Hospital site. The sale proceeds, comprising capital \$74.9 million and interest \$24.6 million are being received over a four year period to be concluded in 2007-08. All proceeds received from the sale are paid to NSW Treasury.

AUTHORITY'S ACTIVITIES

The Authority was established by the *Sydney Olympic Park Authority Act 2001* in July 2001, as a statutory body. It assumed certain assets and rights of the Olympic Coordination Authority, Bicentennial Park Trust and the State Sports Centre.

Under the Act, the Authority:

- promotes coordinates and manages the orderly and economic development and use of Sydney Olympic Park, including the provision and management of infrastructure
- conducts cultural, sporting, educational, commercial, tourist, recreational, entertainment, and transport activities and facilities
- protects and enhances the natural and cultural heritage of Sydney Olympic Park, including the Millennium Parklands
- provides, operates, and maintains public transport facilities within Sydney Olympic Park
- liaises with and maintains arrangements with Olympic organisations, such as the International Olympic Committee and the Australian Olympic Committee Incorporated.

For further information on the Authority, refer to www.sopa.nsw.gov.au.

CONTROLLED ENTITIES

The following controlled entities have not been reported separately on as they are not considered material by their size or the nature of their operations to the consolidated entity.

Entity Name
Parklands Foundation Limited
Sydney Olympic Park Authority Sydney Olympic Park Aquatic and Athletic Centres Division
The Office of the Sydney Olympic Park Authority

Minister for Police

NSW Police Force

NSW Police Force

AUDIT OPINION

The audit of the Force's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

KEY ISSUES

Death and Disability Scheme

We recommended that the Force should closely monitor its liquidity to ensure availability of sufficient funds to meet the expected increasing costs of the scheme.

Police officers employed before 1988 had death and disability insurance. In our 2006 Report we advised that from 23 June 2005, all post 1988 police officers were insured against death and disability under the Crown Employees (Police Officer Death and Disability) Award 2005. There are two components of coverage:

- death and total and permanent disability insured by First State Super Trustee Corporation; and
- partial and permanent disability (PPI) self-insured by NSW Police Force.

The Force's liability for PPI is based on an independent actuarial assessment. The assessment resulted in the provision increasing from \$29.2 million at 30 June 2006 to \$87.4 million at 30 June 2007.

Property Management

We recommended that the Force should closely monitor its property management arrangements with the private sector to ensure expected benefits are realised.

The management of the Force's property is outsourced to a private sector organisation. The monitoring of property information and performance against budget is a key element for effective forward budgeting, strategic planning and accurate financial reporting. In 2006-07 the contracted private sector organisation exceeded their full-year budget by \$4.4 million (budget \$76.1 million; actual \$80.5 million), an overrun of about 5.8 per cent.

PERFORMANCE INFORMATION

The following information has been provided by the Force and the Australian Bureau of Statistics. The Force told us that risk factors for crime include unemployment, education standards and quality of housing. The Force does not directly manage these risk factors, but it does participate in multi-agency committees dealing with them.

The Force believes that community links are crucial to their crime reduction strategies. The crime statistics in the following table have been provided by the Force and are derived from the Australian Bureau of Statistics. The Bureau acknowledges that not all crimes are reported to or recorded by the police in the various jurisdictions and this impacts on the comparability of recorded crime levels between States. For example, NSW records incidents as crimes that some other jurisdictions may not.

We understand that the Bureau is working with Police jurisdictions to develop a National Crime Recording Standard to improve comparability. In the meantime, care should be taken in interpreting the data below.

The trend for crime rates against people in New South Wales are compared to the national totals in the following table:

Year ended 31 December	2002	2003	2004	2005	2006
Crime Numbers					
NSW					
Murder	98	102	72	86	<i>102</i>
Attempted murder	147	121	75	61	<i>71</i>
Manslaughter	13	11	4	4	<i>5</i>
Kidnapping/abduction	436	423	464	463	<i>451</i>
Robbery	11,704	10,847	8,887	9,565	<i>9,242</i>
Unlawful entry with intent	141,170	128,488	110,765	103,449	<i>87,539</i>
Motor vehicle theft	41,665	34,824	33,209	29,097	<i>27,959</i>
Other theft	211,908	194,006	170,290	157,987	<i>157,360</i>
National					
Murder	318	302	263	259	<i>281</i>
Attempted murder	399	361	311	271	<i>241</i>
Manslaughter	48	39	39	42	<i>38</i>
Kidnapping/abduction	706	696	768	729	<i>725</i>
Robbery	20,989	19,709	16,513	17,176	<i>17,284</i>
Unlawful entry with intent	394,323	354,020	308,675	281,994	<i>261,895</i>
Motor vehicle theft	113,460	98,298	87,939	80,365	<i>75,115</i>
Other theft	680,799	624,036	548,778	518,335	<i>517,492</i>

The number of crimes against people in New South Wales appears to have remained reasonably constant in terms of both number and percentage of the national totals.

While the number of crimes against property in New South Wales has declined, this reflects the national trend and as such the percentages against the national totals have not varied significantly.

Crime Investigations

In 2006-07 the Force spent 27.7 per cent (26.4 per cent in 2005-06) of its net cost of services on criminal investigations. Police effectiveness in this area can be measured by the proportion of investigations finalised within 30 days of the offence becoming known. The Force's analysis of its performance in this area is illustrated in the following table:

Crime	Proportion (%) of Investigations Finalised in 30 Days				Proportion (%) of Investigations Finalised in 30 Days that Involved an Offender Being Proceeded Against			
	NSW Ranking 2005	NSW 2006	National Average 2006	NSW Ranking 2006	NSW Ranking 2005	NSW 2006	National Average 2006	NSW Ranking 2006
Homicide	4/6	61.8	68.5	4/6	4/4	87.3	89.8	4/6
Robbery	6/8	17.5	22.8	8/8	8/8	78.8	81.4	6/8
Unlawful entry with intent	6/8	6.9	8.8	6/8	8/8	59.0	78.7	7/8
Motor vehicle theft	8/8	6.5	11.4	7/8	8/8	65.0	68.6	6/8
Other theft	7/8	11.2	13.7	6/8	3/8	66.6	79.2	6/8

The clearance rates in New South Wales are below the national average for all categories. The Force advised us that New South Wales is more likely to record incidents even when there is no evidence available for investigation.

OTHER INFORMATION

We identified other opportunities for improvement to accounting and internal control procedures. We will further discuss these with Force staff and where appropriate report them to management.

Sale of Sydney Police Centre (Repeat Issue)

Our 2002 Report to Parliament included comment on delays in concluding the sale of the Sydney Police Centre. This matter has yet to be resolved and the property continues to be recognised as a non-current asset held for sale. We understand that the Force is continuing discussions with the purchaser and hopes to complete the sale during 2007-08.

Recreation Leave (Repeat Issue)

The Force's liability to its employees for recreation leave entitlements continues to increase, rising from \$166 million at 30 June 2006 to \$175 million at 30 June 2007. While this is reflective of higher staff numbers and rates of pay it is also due to a rise in accumulated leave hours.

Since 1999-2000, while police numbers increased by 13.7 per cent, accumulated leave hours have increased by 87.8 per cent.

The challenge for NSW Police Force continues to be managing the extent of the liability without interrupting frontline service delivery.

Asia-Pacific Economic Cooperation (APEC)

The Force established an APEC (Police and Security) Command to devise, plan, coordinate and implement the security responses for the APEC meeting in September 2007. The Commonwealth Government provided \$25.2 million during 2006-07 for the APEC meeting.

Court Cases and Costs Against NSW Police Force

Contingent liabilities from legal claims lodged against the NSW Police Force totalled \$105 million at 30 June 2007 (\$112 million at 30 June 2006). If a claimant is successful, the settlement will be met by NSW Treasury Managed Fund.

Police Superannuation Scheme (PSS) - 'Hurt on Duty' Retirements

Superannuation statistics indicate that the percentage of PSS retirements 'Hurt on Duty' retirements as a proportion of total PSS retirements have grown from 53.3 per cent in 2002-03 to 77.9 per cent in 2006-07.

FINANCIAL INFORMATION

Abridged Operating Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Employee related	1,748,356	1,619,314
Other expenses	536,123	485,899
TOTAL EXPENSES	2,284,479	2,105,213
TOTAL REVENUE	87,851	57,685
NET COST OF SERVICES	2,196,628	2,047,528
Government contributions	2,177,550	2,026,901
DEFICIT	19,078	20,627

Government contributions included \$48.2 million in 2006-07 towards increasing the Force's authorised strength level from 14,456 to 15,206. The Force advised the extra police were deployed to high priority areas, particularly critical Local Area Commands as well as key specialised policing operations such as public order and counter terrorism.

In addition to increased staffing levels (19,311 at 30 June 2007; 18,607 at 30 June 2006) and pay rises, self insurance costs relating to the previously mentioned PPI scheme significantly contributed to higher employee related expenses.

In 2006-07 608,738 overtime hours were worked at a cost of \$32.0 million compared to 643,944 hours (\$32.6 million) in the previous year.

Revenue rose largely due to Commonwealth contributions towards the cost of the APEC meeting.

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Current assets	72,673	83,636
Non-current assets	1,380,277	1,259,153
TOTAL ASSETS	1,452,950	1,342,789
Current liabilities	403,331	349,575
Non-current liabilities	215,740	215,492
TOTAL LIABILITIES	619,071	565,067
NET ASSETS	833,879	777,722

Non-current assets increased by \$121 million mainly due to property, plant and equipment additions of \$141 million and revaluation increments of \$74.7 million offset by depreciation and amortisation of \$98.9 million.

The previously mentioned PPI scheme also resulted in significant increases in the level of year-end liabilities.

Program Information

Year ended 30 June	2007			2006
	Revenues \$'000	Expenses \$'000	Net Cost of Services \$'000	Net Cost of Services \$'000
Community support	54,507	1,257,837	1,203,330	1,167,091
Criminal investigation	14,807	622,318	607,511	540,548
Traffic	15,176	263,030	247,854	180,183
Judicial support	3,361	141,294	137,933	159,706
Total all programs	87,851	2,284,479	2,196,628	2,047,528

ENTITY ACTIVITIES

The primary objective of the NSW Police Force is to work with the community to establish a safer environment by reducing violence, crime and fear.

In terms of the *Police Act 1990*, the Commissioner is given responsibility for the effective, efficient and economical management of the NSW Police Force. In exercising these functions the Commissioner is subject to the direction of the Minister for Police.

For further information on the NSW Police Force, refer to www.police.nsw.gov.au.

Minister for Primary Industries

NSW Food Authority

NSW Food Authority

AUDIT OPINION

The audit of the Authority and its controlled entities' financial reports for the year ended 30 June 2007 resulted in unqualified Independent Auditor's Reports.

OTHER INFORMATION

We identified opportunities for improvement to accounting and internal control procedures and have reported them to management.

Local Government Food Regulation Partnership

The Authority and 152 Local Councils launched a \$1.6 million food regulation partnership in July 2006. The partnership aims to:

- improve consumer food safety by addressing unsafe and incorrectly labelled food
- eliminate the duplication of food safety activities conducted by the Authority and Local Council environmental health officers
- increase the responsiveness of authorities to food recalls and emergencies.

This initiative is expected to improve efficiency in food regulation generally by defining and mandating the roles and responsibilities of the Authority and Local Government.

International Food Safety Agreements

In November 2006, the Authority entered into a Memorandum of Understanding with the Beijing Food Safety Administration. The agreement is expected to promote food safety for consumers through the sharing of scientific knowledge. At present, the Authority is assisting the organisers of the 2008 Beijing Olympic and Paralympic Games in preventing food-borne illnesses.

The Authority also entered into a similar agreement with the New Zealand Food Safety Agency which focuses on areas such as the development of standards, compliance and enforcement and ensures the two agencies support each other in times of food emergencies.

Food Safety Campaigns and Consumer Education

The Authority undertook a number of food safety campaigns during the year to educate consumers. This included preparing information to help consumers understand food labels. The Authority also had an active compliance role to ensure accurate food labelling.

Research undertaken by the Authority found that pregnant women were not properly informed about food safety, especially the dangers of a food-borne bacteria (Listeria). This resulted in the Authority launching a 'Pregnancy Portal' on its website. The Authority also distributes information about safe fish consumption during pregnancy because of mercury and pregnancy safety brochures throughout New South Wales.

FINANCIAL INFORMATION

Year ended 30 June	2007 \$'000	2006 \$'000
Grants and contributions	12,426	12,523
Industry levies and licence fees	5,438	6,034
Other revenue	2,960	9,813
Expenditure	19,878	18,239
Surplus	946	10,131
Net assets (at 30 June)	19,627	18,681

Grants and contributions are received from Government through the Department of Primary Industries. Other revenue includes superannuation gains of \$700,000 (\$7.6 million in 2005-06).

FOOD AUTHORITY ACTIVITIES

The Authority monitors and regulates the safe production, processing, wholesale and distribution of all primary produce and seafood for human consumption from the paddock or ocean to the point-of-sale.

The Authority is under the control and direction of the Minister for Primary Industries. It was established under the *Food Act 2003* and also has certain legislative responsibilities under the *Dairy Industry Act 2000* and the *Meat Industry Act 1978*.

For further information on the Food Authority, refer to www.foodauthority.nsw.gov.au.

CONTROLLED ENTITIES

The following controlled entities have not been reported separately on as they are not considered material by their size or the nature of their operations to the consolidated entities.

Entity Name
Milk Marketing (NSW) Pty Limited
Office of the NSW Food Authority
Pacific Industry Services Corporation Pty Limited

Minister for Sport and Recreation

Centennial Park and Moore Park Trust

Wollongong Sportsground Trust

Refer to Appendix 1 for:

Centennial Parklands Foundation

Centennial Park and Moore Park Trust

AUDIT OPINION

The audit of the Trust's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

KEY ISSUES

Correction of Investment Property Classification

In its 2005-06 financial report the Trust classified a number of its properties as investment properties at a reported value of \$72.3 million. They comprised: the Fox Studios, the Entertainment Quarter, the Royal Hall of Industries and the Hordern Pavilion and a leased parcel of land.

As reported last year we requested the Trust to review its accounting treatment for these properties. Our concerns centred on whether the properties are held to meet the service delivery objectives of the Trust rather than to earn rent or for capital appreciation, i.e. property is held for either strategic purposes or held to provide a social service. We also recommended the Trust seek advice from the NSW Treasury on this matter.

After consultation with the NSW Treasury the Trust, in 2006-07, corrected the previous accounting treatment. The properties were reclassified as property, plant and equipment. The correction resulted in an increase of \$10.2 million in the restated surplus for 2005-06. The reclassification did not impact on the carrying value of total non-current assets.

PERFORMANCE ISSUES

Park Visits

The table below shows that visits have increased steadily over the past five years.

Year ended 30 June	2003	2004	2005	2006	2007
Annual number and costs per visit					
Annual number of visits ('000s)	5,120	5,223	5,327	5,460	<i>5,620</i>
Cost per visit including depreciation (\$)	3.57	3.80	3.93	3.90	<i>4.10</i>
Cost per visit - maintenance (\$)	0.72	0.71	0.66	0.47	<i>0.56</i>
Net cost to government per visit (\$) - recurrent funding	0.83	0.80	0.44	0.50	<i>0.39</i>

Source: Centennial Park and Moore Park Trust.

FINANCIAL INFORMATION

Year ended 30 June	2007 \$'000	2006 \$'000
Revenue	25,679	60,594
Expenses	23,060	22,095
Surplus	2,619	38,499
Net assets (at 30 June)	725,877	711,871

The significant decrease in revenue is mainly due to a number of assets that were recognised for the first time in 2005-06. The largest contributor to the rise then was the recognition of 7,000 trees valued at \$35.9 million.

The increase in net assets resulted from the revaluation of property, plant and equipment during the year. The revaluation increased the balance of the asset revaluation reserve by \$11.4 million to \$135 million at year end.

TRUST ACTIVITIES

The Trust is constituted under the *Centennial Park and Moore Park Trust Act 1983*. Its principal objectives are to:

- maintain and improve Trust lands
- encourage the use and enjoyment of Trust lands by promoting and increasing the recreational, historical, scientific, educational, cultural and environmental value of those lands
- maintain the right of the public to the use of Trust lands
- ensure the protection of the environment within Trust lands.

For further information on the Parklands, refer to www.cp.nsw.gov.au.

Wollongong Sportsground Trust

AUDIT OPINION

The audits of the Trust and its controlled entity's financial reports for the year ended 30 June 2007 resulted in unqualified Independent Auditor's Reports.

KEY ISSUE

The Trust's biggest challenge is to become financially self sufficient. This is dependent on it attracting events, maintaining the use of its facilities and increasing revenue from additional non event-related opportunities on its site.

FINANCIAL INFORMATION

The following information relates to the Trust's consolidated finances.

Year ended 30 June	Consolidated		Trust	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Revenue	3,161	4,971	3,161	4,971
Salaries and related expenses	1,616	1,719	--	1,170
Other expenses	2,754	3,181	4,370	3,730
(Loss)/profit	(1,209)	71	(1,209)	71
Net assets (at 30 June)	46,397	47,605	46,397	47,605

The fall in revenue was largely due to no government grants being received in 2007 (\$893,000 in 2006), and a \$542,000 fall in revenue from ticket sales and venue hire fees. The Trust's revenue was adversely affected by the scheduling of St George-Illawarra Dragons rugby league events with only four occurring in 2006-07 compared to eight in the previous year.

TRUST ACTIVITIES

The Trust is constituted by the *Wollongong Sportsground Act 1986*. The Trust's major objectives are to:

- develop the Wollongong Showground for tourist and recreation purposes
- encourage, promote and facilitate the use and enjoyment of the Trust lands by members of the public.

The Trust is responsible for the care, control and management of the vested land and the public facilities provided, which most notably are the WIN Entertainment Centre and the adjacent WIN Stadium. It is subject to the control and direction of the Minister for Sport and Recreation.

For further information on the Trust refer to www.wec.org.au.

CONTROLLED ENTITY

The following controlled entity has not been reported on separately as it was not considered material by its size or the nature of its operations to the consolidated entity.

Entity Name

Wollongong Sportsground Trust Division
--

Minister for State Development

Department of State and Regional Development

Ministerial Corporation for Industry

Department of State and Regional Development

AUDIT OPINION

The audit of the Department's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

PERFORMANCE INFORMATION

The Department provides expert advice to Government on advancing business development in both metropolitan and regional New South Wales. The Department delivers programs and services to implement the New South Wales Government's commitment to winning new business activity for New South Wales and developing the capacity and productivity of the State's economy.

The table below shows some of the initiatives of the Department:

Year ended 30 June	2005	2006	2007
Metropolitan projects assisted			
- Investment committed (\$m)	794	359	<i>1,109</i>
- Employment impact	2,928	1,720	<i>2,312</i>
Regional projects assisted			
- Investment committed (\$m)	773	667	<i>1,612</i>
- Employment impact	3,096	4,309	<i>4,125</i>
Total NSW tourism visitor nights			
- Domestic (\$m)	87.1	83.8	<i>84.5</i>
- International (\$m)	48.0	52.2	<i>53.1</i>
Science and medical research projects			
- Number of projects	25	31	<i>30</i>
- Funding to assist science and medical research projects (\$m)	4	30	<i>44</i>

Source: Department (unaudited).

Whilst investments committed and employment impact in the metropolitan areas dropped, total employment impact was maintained through increased employment in the regional areas.

The funding to assist science and medical research projects increased significantly over 2005-06 and 2006-07 due primarily to the transfer of the Infrastructure Grants Program (now known as the Medical Research Support Program) from NSW Health to the Office for Science and Medical Research in 2006.

OTHER INFORMATION

We identified opportunities for improvement to accounting and internal control procedures and have reported them to management.

FINANCIAL INFORMATION

Abridged Operating Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Employee related	44,197	32,155
Grants and subsidies	59,698	40,797
Other operating expenses	54,757	35,564
Other expenses	23,179	23,712
TOTAL EXPENSES	181,831	132,228
TOTAL REVENUE	9,900	4,778
NET COST OF SERVICES	171,931	127,450
Government contributions	176,723	115,663
SURPLUS/(DEFICIT)	4,792	(11,787)

Grants and subsidies include:

- \$10.0 million contribution to the Hunter Medical Research Institute for construction of a Clinical Research and Development Facility
- \$5.0 million contribution to National ICT Australia for establishing, operating and managing an information and communications technology research and research training centre of excellence
- a total of \$17.8 million in contributions to 11 research institutes under the Medical Research Support Program. The Department has committed a further \$29.0 million under current funding agreements over the next two financial years.

From 3 March 2006, the Tourism Industry Division (from the former Department of Tourism, Sport and Recreation) and the Office for Science and Medical Research (from the former Ministry for Science and Medical Research) were transferred to the Department. This year was the first year full year that the Department recognised the revenue and expense of these divisions, resulting in an increase in net cost of services.

The Department moved to a surplus of \$4.8 million from a deficit of \$11.8 million in the prior year as a result of the increased Government Contributions relating to the transferred divisions.

Abridged Balance Sheet

As at 30 June	2007 \$'000	2006 \$'000
Current assets	30,258	28,412
Non-current assets	7,649	6,368
TOTAL ASSETS	37,907	34,780
Current liabilities	9,921	11,435
Non-current liabilities	1,444	1,595
TOTAL LIABILITIES	11,365	13,030
NET ASSETS	26,542	21,750

Abridged Program Statement

Program Description	2007			2006
	Revenues \$'000	Expenses \$'000	Net Cost of Services \$'000	Net Cost of Services \$'000
Development of the New South Wales economy	2,666	92,859	90,193	79,831
Development of the tourism industry	7,179	48,316	41,137	18,342
Science and medical research	55	40,656	40,601	29,277
Total All Programs	9,900	181,831	171,931	127,450

The 'Development of the Tourism Industry' and 'Science and Medical Research' programs were transferred to the Department on 3 March 2006 as a result of the administrative restructure.

DEPARTMENT ACTIVITIES

The Department's objective is to win new business for New South Wales and develop the capacity and productivity of the State's economy by:

- promoting increased investment and economic growth for metropolitan and regional New South Wales
- sustaining growth of the tourism economy
- maintaining New South Wales and Sydney as a preferred location for major events
- optimising the effectiveness of the NSW Government's investment in science and medical research.

The Department provides administrative support to the Ministerial Corporation for Industry and the Small Business Development Corporation.

For further information regarding the Department, refer to www.business.nsw.gov.au.

Ministerial Corporation for Industry

AUDIT OPINION

The audit of the Corporation's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

OTHER INFORMATION

Blue Mountains Cultural Centre and Mixed Use Development

Last year we reported the Corporation entered into an option deed with the Council of the City of Blue Mountains, the Minister for State Development, and a private developer for the construction of the Blue Mountains Cultural Centre at Katoomba. The Cultural Centre will include the City Art Gallery, the Interpretive Centre, visitor information facility, gallery, shop, café/restaurant, multi purpose space, and community open spaces.

The project was delayed due to design and costing issues which have now been resolved. A development application for the project was lodged with the council in August 2007.

FINANCIAL INFORMATION

Year ended 30 June	2007 \$'000	2006 \$'000
Revenues	4,872	10,152
Expenses	3,262	6,742
Surplus	1,610	3,410
Net assets (at 30 June)	6,100	4,336

Revenue includes \$2.9 million (\$8.7 million in 2006) contributions received from the Department of State and Regional Development to meet the cash flow requirements of the Corporation.

The decrease in expenses was mainly due to the lead time between approval of financial assistance to industry and actual payment of funds.

CORPORATION ACTIVITIES

The Corporation promotes, encourages and stimulates the establishment, expansion or development of industries.

The Minister for State Development administers the *State Development and Industries Assistance Act 1966* through the Corporation. The Department of State and Regional Development provides the Corporation with administrative assistance at no cost.

For further information regarding the Corporation, refer to www.business.nsw.gov.au.

Minister for Transport

Overview of Transport and Roads Services

Ministry of Transport

Public Transport Ticketing Corporation

State Transit Authority

Sydney Ferries Corporation

Overview of Transport and Roads Services

TRANSPORT SERVICES

The Ministry of Transport (MoT), a budget sector agency, and the following Government entities provide, facilitate and regulate the State's transport and roads services:

State Owned Corporations

- Newcastle Port Corporation (NPC) (c)
- Port Kembla Port Corporation (PKPC) (c)
- Rail Corporation New South Wales (RailCorp) (a)
- Rail Infrastructure Corporation (RIC) (a)
- Sydney Ferries Corporation (SFC) (b)
- Sydney Ports Corporation (SPC) (c)
- Transport Infrastructure Development Corporation (TIDC) (a)

Statutory Authorities

- Independent Transport Safety and Reliability Regulator (ITSRR) (a)
- Chief Investigator of the Office of Transport Safety Investigations (OTSI) (a)
- Public Transport Ticketing Corporation (PTTC) (b)
- Roads and Traffic Authority of New South Wales (RTA)
- State Rail Authority of New South Wales (SRA) (a)
- State Transit Authority (STA) (b)(c)
- Tow Truck Authority New South Wales (TTA)

(a) Separate commentary on these entities appears in Volume 4 of the Auditor-General's Report to Parliament.

(b) Separate commentary on MoT and these entities appear in this Report.

(c) For Profit Entities.

AUDIT OPINIONS

Except for the Tow Truck Authority New South Wales, the audits of the above entities' financial reports for the year ended 30 June 2007 resulted in unqualified Independent Auditor's Reports.

Due to the abolition of the Tow Truck Authority New South Wales, NSW Treasury has approved an extension of its reporting period to 31 October 2007.

An 'Emphasis of Matter' section was included in the Public Transport Ticketing Corporation's Independent Auditor's Report. For further information on this refer to comments on the Public Transport Ticketing Corporation later in this Report.

KEY ISSUES

Transport Planning

The State Government has in recent years developed a number of plans and strategies that collectively form the State's Transport Planning Framework.

Of significance are the following:

- **State Plan, A New Direction for New South Wales** (November 2006) - Defines future strategies and priorities for the public sector. The State Plan includes priorities that the transport agencies will need to address
- **The New South Wales State Infrastructure Strategy** (2006) - Links the four year capital budget contained in the Infrastructure Statement (NSW Government Budget Paper Number 4) with longer term planning strategies. Infrastructure investment is a key driver to achieving Transport outcomes within the State Plan
- **Premier's Urban Transport Statement** (November 2006) - The Statement outlines the Government's response to Sydney's transport challenge, and includes initiatives to increase the availability and reliability of public transport across the Sydney region. The Urban Transport Statement facilitates the implementation of key transport priorities identified in the State Plan
- **Metropolitan Strategy, City of Cities - A Plan for Sydney's Future** (December 2005) - Transport is a critical element of this strategy which aims to provide a broad framework for the sustainable growth and development of Sydney over the next 25 years.

Further details on the above documents are included under 'Other Information'.

Coordination of a Multi-Modal Public Transport Network

The Report of the Special Commission of Inquiry into Sydney Ferries Corporation was released on 1 November 2007. The Commissioner said:

The coordination of public transport is currently the responsibility of the Ministry of Transport. The Ministry manages the 131 500 Transport Infoline which provides information in relation to rail, bus and ferry services. All timetables for bus, train and ferry have to be approved by the Ministry for Transport. However, despite this, the timetables do not always align well.

The Commissioner recommended that:

...a coordinating body be established, whose role it is to ensure the transport network is properly integrated. In particular, such a body must ensure that timetables are properly coordinated across modes. In default of agreement between service providers, it should be empowered to determine changes for all of them.

In addition, the challenge of integrating multi-modal transport plans that integrate Sydney's inter-modal transport network as a whole was also reported in our June 2007 Performance Audit titled 'Connecting with Public Transport: Ministry of Transport'. The Ministry of Transport has advised that it continues to work on the process of improving the co-ordination of the transport network. Both the State Plan and the Urban Transport Statement recognise the Ministry of Transport to be the Government's portfolio wide co-ordination agency. It is noted that the Ministry of Transport has recently incorporated the Transport Data Centre and established the Centre for Transport Planning and Product Development (CTPPD) within the organisation. In addition, the Ministry of Transport has increased its role in service planning and timetable integration particularly following the establishment of the new metropolitan and outer metropolitan bus contracts.

For more information on the Sydney Ferries Corporation report refer to www.transport.nsw.gov.au and on the Performance Audit report refer to www.audit.nsw.gov.au.

Integrated Ticketing System

The Public Transport Ticketing Corporation issued a notice of intention to terminate the Tcard project agreement on 5 November 2007. Tcard, a single ticketing system based on smart card technology, was being developed for all public transport in the Greater Sydney Metropolitan Area.

For more information refer to comments on the Public Transport Ticketing Corporation later in this Report.

OTHER INFORMATION

2006-07 Expenditure and Results

For information on expenditure on 2006-07 Transport related budget initiatives, refer to the 'Expenditure on Significant Budget Initiatives' section of Volume Three of the Auditor-General's Report to Parliament.

2007-08 Funding Announcements

The Public Transport and Roads sector incorporates rail services, bus services, ferry services, port facilities and roads. While ports are profitable and provide a return on the assets invested on behalf of the community, other agencies within this sector provide important social services and are supported by the Budget through the provision of grants and subsidies.

In 2007-08 a major focus of recurrent Budget spending of \$5.7 billion on this sector is on lifting the safety and reliability of rail services.

The Public Transport and Roads sector's capital expenditure program is \$4.0 billion in 2007-08 including:

- \$1.8 billion over approximately ten years for the Rail Clearways Program including Schofield-Vineyard Rail Line Duplication (\$316 million) to reduce congestion and improve network capacity for more services
- a large rolling stock investment program including \$3.6 billion acquisition and maintenance of 626 new carriages for the suburban rail network under a Public Private Partnership, 122 new suburban carriages for the intercity lines and 14 new Hunter Valley carriages
- construction of the Epping to Chatswood Rail Line, with three new underground stations
- expansion of the rail network to growth areas of Sydney (\$56 million for investigation and planning)
- acquisition of 265 new buses for use by the State Transit Authority and private bus operators in the metropolitan and outer metropolitan regions (\$121 million) as well as implementation of a real-time bus operations management system (\$23.7 million)
- upgrades of \$404 million for the Pacific Highway, \$120 million for the Princess Highway, \$53.0 million for the Great Western Highway
- \$60.8 million for the Port Botany Expansion project.

Transport Strategies and Priorities

On 14 November 2006, the New South Wales Government released the 'State Plan: A New Direction for New South Wales'. It defines future strategies and priorities that transport agencies will need to address. These include:

- increase the share of trips made by public transport to and from the Sydney CBD during peak hours to 75 per cent (72.8 per cent in 2005) by 2016
- increase the proportion of total journeys to work by public transport in the Sydney metropolitan region to 25 per cent by 2016 (22 per cent in 2005)
- consistently meet public transport reliability targets including 92 per cent on-time running for CityRail, 95 per cent for Sydney buses and 99.5 per cent for Sydney ferries
- reduce road fatalities to 0.7 per 100 million vehicle kilometres travelled by 2016.

The 'State Plan' is long term extending over ten years. Its first year of implementation was 2006-07. We will monitor the progress and report significant results in future years.

The public transport network plans to increase its share of the community's journeys to work by upgrading and adding new capacity through significant investments some of which were mentioned in the previous section on the 2007-08 capital expenditure program. Other proposals are:

- investing \$130 million over four years in the country regional rail network
- planning for new rail lines to North West and South West Sydney and a third CBD/harbour rail crossing
- purchasing more than 1,000 new clean diesel and natural gas buses over the next seven years for Sydney buses and the private sector
- completing new rapid bus-only transitways and bus-only lanes.

In order to increase the overall uptake of public transport and increase reliability and speed of bus and train trips, the New South Wales Government is also:

- implementing the Rail Clearways Program
- designing a new rail timetable to respond to increased passenger numbers
- implementing bus priority measures on the 43 strategic bus corridors across Sydney
- investigating new signalling technology to increase track capacity on the CityRail network
- considering the improvement of the quality of the ferry fleet.

Ministry of Transport

AUDIT OPINION

The audit of the Ministry's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

OTHER INFORMATION

Transport Concessions for University Students

During our 2006-07 audit we sought to gain a better understanding of Ministry's processes and procedures for the issuing of transport concession cards to tertiary students. Following our enquiries the Ministry initiated a review of this matter. The Ministry advised that it:

- is improving information available to tertiary transport concession issuers via its website in regard to eligibility and entitlements
- is interviewing issuing staff at tertiary institutions regarding procedures for verification of concession eligibility and how concession eligibility is withdrawn when students become ineligible
- intends providing best practice guidelines on the issuing of tertiary concessions to all tertiary institutions. This would include advice on the need to include suitable declarations regarding eligibility and card misuse in any 'on-line' enrolments (before a card is issued), and a request that the institution recall any cards when the holder becomes ineligible.

Administrative Restructuring

In 2006-07, the Ministry transferred responsibility for the management of the Integrated Ticketing Project (Tcard) to the newly established Public Transport Ticketing Corporation (PTTC). It also assumed responsibility of the functions of the former Air Transport Council and the transport planning activities previously managed by the Department of Planning.

Broadacre Agreement

The Broadacre Agreement was a FreightCorp strategy to secure long term contracts for the haulage of export grain and to improve the efficiency of the grain supply chain. The efficiencies were planned to be achieved through the use of high capacity wagons and improved operating procedures for the storage and handling of grain.

Prior to its sale in November 2001, FreightCorp signed contracts with the then-Department of Transport that imposed certain obligations on the purchaser, Pacific National. These obligations were for the construction of grain consolidation facilities, the purchase of 315 new grain wagons and upgrading of 800 existing grain wagons (under a 'Works Deed'). The cost of these works was estimated at \$118 million. Other obligations included servicing silos, providing agreed grain movement capacity levels, and capping of price increases ('Grain Haulage Services Deed').

The Ministry currently holds security of \$89.6 million of the original \$100 million under the 'Works Deed' and \$10.0 million under the 'Grain Haulage Services Deed' against default in the performance of the contractual obligations.

In our 2006 Report we stated that Pacific National has acquired 105 high capacity grain wagons and upgraded the 800 existing wagons. We also reported that:

- obligations relating to the construction of grain consolidation facilities and the acquisition of a further 210 high capacity wagons have been deferred
- some stakeholders in the grain industry have indicated that investment in other assets may be more beneficial to the grain supply chain. Various stakeholders have suggested alternative investments for the Government to consider.

The Ministry has now advised that it has commenced negotiations with the grain industry to develop a long term sustainable solution for the haulage of grain on the New South Wales' regional rail network. A Steering Committee, comprising officers from the Ministry, the Rail Infrastructure Corporation, the Department of Premier and Cabinet and NSW Treasury has been established to oversee these negotiations and to assist with the formulation of the regional rail policy.

The Ministry also advised that it is in the process of finalising the negotiations with the grain industry and expects to report to the Government by December 2007.

NEXUS Taxi Licences

Nexus plates were issued to taxi companies between 1982 and 1990 at no cost but were paired with WAT (Wheelchair Accessible Taxi) licences. The objective was to reduce the cost of operating WAT taxis.

Nexus plate licences were due to expire in 1993. However, it appears that some are still in use by New South Wales taxi operating companies and that the income from a Nexus plate may no longer be linked to supporting a WAT vehicle.

We have previously referred to an interim report on the taxi industry in New South Wales by the Ministry which criticised many aspects of the industry, including the administration of the Nexus plates.

Following further consideration of this matter during 2006-07, including advice from the Crown Solicitor on the legal status of the Nexus licences, the Ministry advised that it is currently in the process of preparing a brief for the Minister on this issue.

Bus System Contracts

In previous Reports we referred to wide ranging reforms of bus services in New South Wales, including the Government's decision to replace 87 Sydney contract areas with 15 Metropolitan regions, each with a 'lead entity' responsible for the delivery of bus services (at an estimated cost of \$2.8 billion over seven years to 2012). During 2006-07, these reforms were extended to the Outer-Metropolitan Sydney area and an additional ten contracts were signed to provide bus services in these regions (around \$900 million over seven years to 2013).

FINANCIAL INFORMATION

The following information relates to the Ministry's finances.

Abridged Operating Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Grants and subsidies	3,387,283	3,252,435
Employee related	26,675	23,795
Other expenses	53,965	52,728
Revenue	54,981	60,108
Net cost of services	3,412,942	3,268,850
Government contributions	3,401,109	3,264,535
Deficit	11,833	4,315

Grants and subsidies reflect increased funding for bus, rail and ferry services in 2006-07.

The increase in employee related expense reflects pay rises and higher employee numbers (largely due to the previously mentioned administrative restructuring).

Revenue in 2005-06 included penalties of \$3.5 million levied on the private sector contractor responsible for delivery of Tcard. Because of the transfer of responsibility for Tcard to the PTTC, there was no equivalent item in 2006-07.

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Current assets	68,774	146,083
Non-current assets	180,842	68,171
TOTAL ASSETS	249,616	214,254
Current liabilities	38,551	99,091
Non-current liabilities	138,957	31,899
TOTAL LIABILITIES	177,508	130,990
NET ASSETS	72,108	83,264

The decrease in current assets and liabilities reflects the transfer of property, plant and equipment, intangibles and borrowings to the PTTC as result of the administrative restructure.

The increase in non-current assets and liabilities reflects the significant number of buses that have been purchased in the current year under Bus System Contracts.

Abridged Program Information

The table below details the Ministry's net cost of services for the year by program:

Year ended 30 June	2007			2006
	Revenues \$'000	Expenses \$'000	Net Cost of Services \$'000	Net Cost of Services \$'000
Program Description				
Transport Policy and Strategy	3,855	15,002	11,147	7,919
Contracting and regulating transport services	51,126	3,452,921	3,401,795	3,260,931
Total all programs	54,981	3,467,923	3,412,942	3,268,850

ENTITY ACTIVITIES

The Ministry of Transport was established on 1 July 2003. Its role is to assist the Government in its objectives by:

- providing independent policy advice to the Minister for Transport
- providing financial, budgetary and strategic coordination within the transport portfolio
- managing regulation and contracting of transport services
- contracting for the provision of bus services in New South Wales
- administering a range of community transport programs.

For further information on the Ministry, refer to www.transport.nsw.gov.au.

Public Transport Ticketing Corporation

AUDIT OPINION

The audits of the Corporation and its controlled entity's financial reports for the year ended 30 June 2007 resulted in unqualified Independent Auditor's Reports. However, the Independent Auditor's Report contained an emphasis of matter paragraph drawing attention to the uncertainty regarding the value of intangible assets.

Unless otherwise stated, the following commentary relates to the consolidated entity.

KEY ISSUES

Financial Viability

The *Transport Administration Amendment (Public Transport Ticketing Corporation) Act 2006* established the Corporation to manage Tcard operations from 1 July 2006. The Ministry of Transport transferred assets and liabilities totalling \$67.1 million and \$66.4 million respectively to the Corporation.

The Corporation's first year as a separate entity resulted in a surplus of \$4.3 million. At 30 June 2007 its current liabilities totalled \$56.2 million, significantly exceeding current assets of \$16.4 million. To support the preparation of its financial report on a going concern basis, the Corporation sought and obtained the NSW Government's commitment to support operating and financial obligations.

Uncertainty Regarding the Value of Intangible Assets

We recommend that the Corporation conduct a comprehensive review of capitalised costs to ensure that they reflect realisable service potential.

At 30 June 2007 capitalised costs totalled \$60.8 million. The Corporation's financial report indicated that there are delays in implementing the agreed Tcard project timetable and until the effect (if any) of these delays is known, there is uncertainty regarding the value of intangible assets that have been recognised for this project. As discussed later in this Report, the Corporation is working within the parameters of the project agreement in relation to the delays, including exercising such rights as it considers appropriate to facilitate a successful completion of the project.

Tcard Project

Tcard is an integrated ticketing system, based on smart card technology being developed for all public transport in the Greater Sydney Metropolitan Area.

In previous Reports we advised that the original Tcard budget included payments of \$106 million to a private sector contractor for the development and implementation of the Tcard system. The Corporation advised us that the original budget included an additional sum of around \$61.0 million for its internal development costs, contract administration, project management functions and early installation and wiring of Tcard equipment on operators' infrastructure.

At 30 June 2007 Tcard project capitalised and operating costs total \$60.8 million and \$4.8 million respectively.

Once fully operational, the Corporation expects the contractor to charge costs of \$26.1 million per annum over ten years for running the system. Together with the previously mentioned payments for implementing and developing Tcard, payments to the contractor were estimated to total \$367 million.

The Corporation advised that costs associated in implementing and operating Tcard, including contractor costs, are expected to be recouped over the ten years from participating operators.

Contractual arrangements require payments to be made to the contractor upon achievement of key project milestones. The Corporation advised us that when the contract was signed in 2003, it was expected that Tcard would be introduced in November 2006. Following the Government's decision to establish an interim Tcard system to service the School Student Transport Scheme (refer below) an extension of time was agreed to by both parties. However the revised completion date has subsequently been deferred a number of times due to problems encountered by the contractor in developing and testing of the software and computer systems. Due to delays in reaching these milestones, no key project milestone payments had been made to the contractor as at 30 June 2007.

The Corporation is entitled to charge liquidated damages of up to \$10.0 million, for milestones not met by the contractor. Liquidated damages recognised at 30 June 2007 totalled \$8.9 million and the \$10.0 million cap was reached in August 2007.

The Corporation also informed us that on 24 September 2007 it issued notices giving the contractor 20 business days to complete delayed milestone events and stages. We understand that, at the date of preparation of this Report, the contractor had not completed them. Because of this, the Corporation's entitlement to exercise further rights under the contract arose on or about 22 October 2007. On 5 November 2007 it issued 'notices of intention to terminate, allowing the contractor 20 business days to either complete those milestones, or diligently pursue a remedy and submit a satisfactory remedial program'. We understand that the Corporation will then consider its options under the Project Agreement.

Interim School Student Transport Scheme (ISSTS)

In addition to the Tcard project itself, the Corporation and (prior to 1 July 2006) the Ministry of Transport, incurred other costs for the development and operation of the ISSTS. As at 30 June 2007 these costs total \$14.8 million and comprise:

- \$5.4 million for the supply and installation of Tcard equipment (as part of the ISSTS)
- \$5.6 million paid to the contractor for the operation of the ISSTS system
- \$3.8 million for the operating costs in managing the ISSTS.

The Corporation advises Tcard has been trialled by school students on privately operated bus services in metropolitan Sydney and outer metropolitan areas, with close to 300,000 school students now using Tcard.

OTHER INFORMATION

We identified some opportunities for improvement to accounting and internal control procedures. We will discuss these with Corporation staff and where appropriate will report them to management.

FINANCIAL INFORMATION

Abridged Income Statement

Year ended 30 June	Consolidated 2007 \$'000	Corporation 2007 \$'000
Government contributions	7,269	7,269
Other revenue	4,798	4,798
TOTAL REVENUE	12,067	12,067
Employee related expenses	1,031	--
Personnel services	--	1,031
Other expenses	6,734	6,734
TOTAL EXPENSES	7,765	7,765
SURPLUS	4,302	4,302

Abridged Balance Sheet

At 30 June	Consolidated 2007 \$'000	Corporation 2007 \$'000
Current assets	16,407	16,372
Non-current assets	71,561	71,561
TOTAL ASSETS	87,968	87,933
Current liabilities	56,236	56,201
Non-current liabilities	26,749	26,749
TOTAL LIABILITIES	82,985	82,950
NET ASSETS	4,983	4,983

Current assets include cash and cash equivalents of \$14.8 million. Non-current assets include intangibles totalling \$60.8 million.

Current liabilities include borrowings of \$49.2 million. Non-current liabilities comprise security deposits lodged by the contractor.

PUBLIC TRANSPORT TICKETING CORPORATION ACTIVITIES

The Corporation's functions are to: establish and maintain a ticketing and fare payment system for public transport passengers and participating public transport operators in the State; and, control and manage any funds within the ticketing and fare payment system that represent unused prepaid fares.

For further information on the Corporation, refer to www.tcard.com.au.

CONTROLLED ENTITY

The following controlled entity has not been reported separately on as it is not considered material by its size or the nature of its operations to the consolidated entity.

Entity Name

Public Transport Ticketing Corporation Division

State Transit Authority

AUDIT OPINION

The audits of the Authority and its controlled entities' financial reports for the year ended 30 June 2007 resulted in unqualified Independent Auditor's Reports.

KEY ISSUES

For general transport industry information, refer to the 'Overview of Transport Services' section earlier in this Report.

Growth in Patronage and Services

During 2006-07 there was strong growth in patronage with all major corridors experiencing increased demand in peak periods for services. The Authority responded to the increased demand by introducing 170 additional services on 22 routes across the four Sydney operating regions. The additional buses support the growth during peak periods on strategic bus corridors including Epping Road, Military Road, the Pittwater corridor, Eastern Valley Way, Glebe Point Road, Anzac Parade and Victoria Road.

The increase in services resulted in a requirement for an additional 95 bus drivers. To cater for this need, the Authority launched a new marketing strategy in April 2007 advertising for additional bus drivers. This strategy resulted in a 59 per cent increase in job applications per month. As at 30 June 2007 there are 3,479 bus drivers (3,511 in 2006), with an average age of 46 years. The Authority is continuing with its recruitment campaign to ensure adequate resourcing for future increases in patronage.

PrePay Services

In October 2006, the Authority launched its first of nine PrePay only services from North Bondi to Circular Quay (also known as the Bondi Bendy). The aim of these cashless services is to reduce boarding times for passengers and increase the on-time reliability of bus services by maximising prepaid ticket sales. A prepaid ticket takes a quarter of the time to validate than it does to purchase a ticket from the driver. The Authority advised that the PrePay bus service was the first such service introduced in Australia with over 28,000 passengers using the service in 2006-07. The service has now been rolled out across major corridors in State Transit's network.

To complement the PrePay service the Authority expanded its ticket reseller network to make purchasing prepaid tickets more convenient. Over 60 additional ticket resellers were added to the network bringing the total number of resellers to more than 700. The total revenue from ticket sales to resellers in 2006-07 increased by \$10.7 million (9.25 per cent).

Western Sydney Buses (WSB)

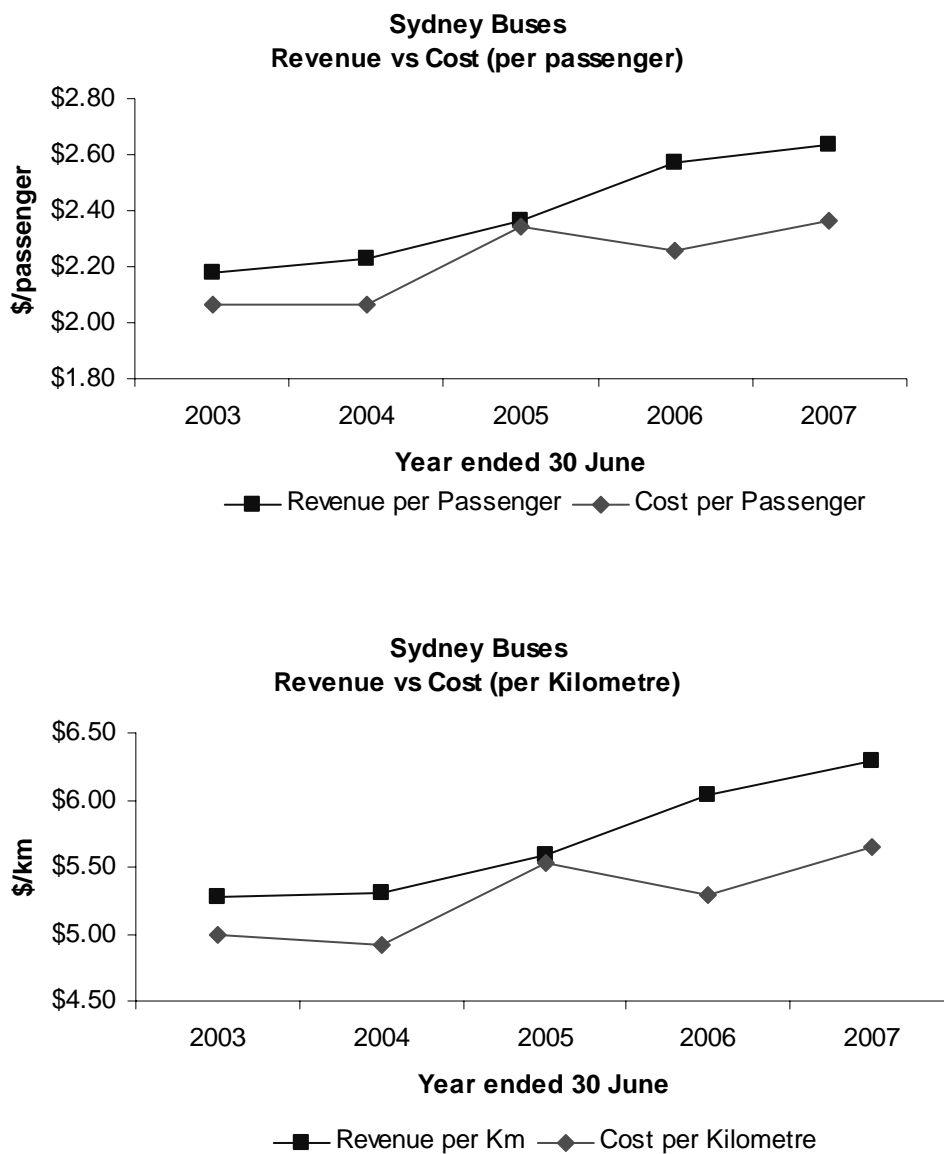
The Liverpool to Parramatta Transitway is public infrastructure, built and owned by the State Government, and is the first of a network of rapid bus transitways planned for Western Sydney. The Authority has operated the Transitway since February 2003. Transitway patronage increased by 13.3 per cent over the previous year (from 2.0 million to 2.3 million journeys).

Since inception, the Transitway has recorded net losses for each financial year with a loss of \$1.7 million in 2006-07 (\$1.8 million in 2005-06). The Authority's contract to operate this route extends to January 2011. The Authority advised that the Transitway requires annual patronage of 2.8 million passengers to break even and it expects to reach this target in the 2008-09 financial year.

PERFORMANCE INFORMATION

The Authority provided the following information regarding its performance:

Revenue versus Cost Per Passenger and Kilometre



Note: Revenue from 2001-02 to 2004-05 includes revenue received from passengers and payments from Government for providing free and concessional travel and CSOs. Revenue for 2005-06 to 2006-07 includes payments received under the provisions of the Metropolitan Bus System Contracts.

The above graphs show that revenue per passenger and kilometre has continued to improve since the Metropolitan Bus System Contracts were signed. Costs have increased in line with revenue resulting in a similar margin to the prior year.

OTHER INFORMATION

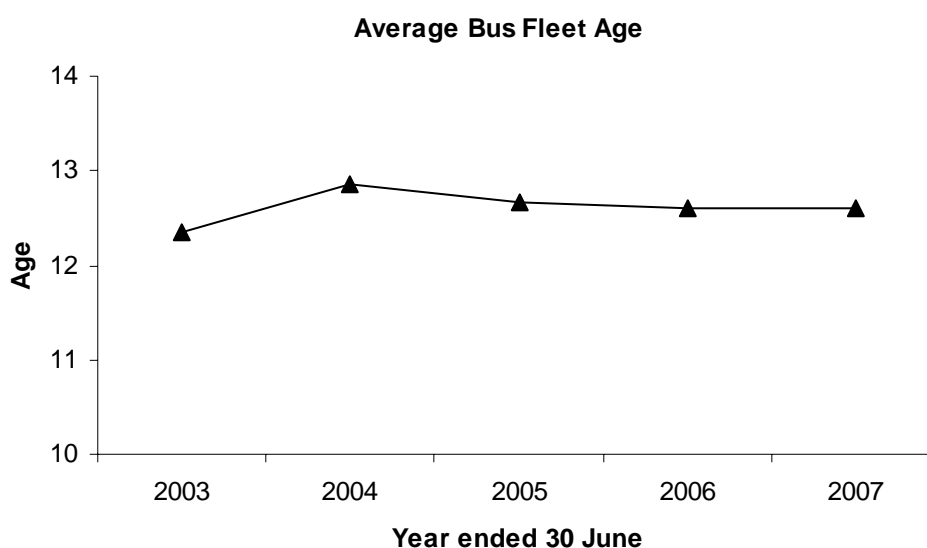
Outer and Metropolitan Bus System Contracts

The Authority gained a seven year Outer Metropolitan Bus System Contract to provide bus services in Newcastle from 1 July 2006. This is the fifth performance-based contract signed by the Ministry of Transport with the State Transit Authority.

The existing four contracts are within the Sydney Region and commenced operation in the prior year from 1 July 2005 to 30 June 2012. The funding model under all five contracts includes proportional cost payments for operating the bus services. Incentive payments are available for improving service quality and performance in the areas of punctuality and reliability. The new arrangements have resulted in surpluses and improved cash flows during 2005-06 and 2006-07.

Bus Fleet

As at 30 June 2007, the Authority's bus fleet totalled 1,978 buses (1,927). The Authority acquired 100 (77) new buses during the year. It has also contracted to replace more than a quarter of its existing fleet size over the next five years. The average age of the bus fleet has remained stable at 12.6 years from 2006 to 30 June 2007. The Authority expects the average fleet age to fall to less than 12 years in 2009-10.



State Transit carried 202 million passengers in 2006-07. Sydney services carried 187 million passengers increasing by 1.0 million passengers over the prior year. Newcastle Buses and Ferry Services remained stable carrying 12.5 million passengers and patronage on the Liverpool to Parramatta Transitway reached 2.3 million, an increase of 280,000 passengers in 2006-07. Each working day State Transit operates over 15,000 services carrying more than 600,000 passengers to their destinations.

FINANCIAL INFORMATION

Abridged Income Statement

Year ended 30 June	Consolidated		Authority	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Operational Revenue	513,250	499,815	513,250	499,815
Other income	27,778	23,971	27,778	23,971
TOTAL REVENUE	541,028	523,786	541,028	523,786
Employee benefits	291,996	264,456	--	183,314
Personnel services	--	--	314,613	88,553
Fleet running expenses	80,204	82,249	80,204	82,249
Depreciation and amortisation	34,211	31,965	34,211	31,965
Finance costs	5,545	5,871	5,545	5,871
General operating expenses	96,406	92,096	73,789	84,685
TOTAL EXPENSES	508,362	476,637	508,362	476,637
PROFIT	32,666	47,149	32,666	47,149

Operational revenue increased due to the change in funding arrangements flowing from the Outer Metropolitan Bus System Contract.

Employee benefits expense has increased due mainly to a more favourable return on superannuation deposit funds in 2005-06 compared to 2006-07.

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Current assets	46,047	39,522
Non-current assets	574,028	527,283
TOTAL ASSETS	620,075	566,805
Current liabilities	146,486	134,995
Non-current liabilities	198,966	204,424
TOTAL LIABILITIES	345,452	339,419
NET ASSETS	274,623	227,386

During 2006-07 the Authority revalued its freehold land, buildings and wharves, increasing their fair value by a total of \$36.3 million.

AUTHORITY ACTIVITIES

The Authority, a statutory body incorporated under the *Transport Administration Act 1988*, operates bus services in Sydney and bus and ferry services in Newcastle. For further information on the Authority, refer to www.sta.nsw.gov.au.

CONTROLLED ENTITIES

The following controlled entities have not been reported separately on as they are not considered material by their size or the nature of their operations to the consolidated entity.

Entity Name

State Transit Authority Division
Western Sydney Buses Division

Sydney Ferries Corporation

AUDIT OPINION

The audit of Sydney Ferries' financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

KEY ISSUES

Financial Viability

Sydney Ferries' first year as a separate entity was 2005 and one of its challenges was to turn around the business' history of loss making and to develop plans to address inefficient activities. Sydney Ferries reviewed the quality and sustainability of its services with focus on improving safety, increasing reliability and enhancing customer service. Sydney Ferries recognised that it must enhance its staffing and business systems.

Sydney Ferries' financial operations for 2006-07 resulted in a deficit of \$2.9 million (\$48.7 million in 2005-06). At 30 June 2007 its current liabilities totalled \$38.1 million (\$32.5 million), significantly exceeding current assets of \$16.2 million (\$11.7 million). To ensure its viability it sought and obtained the New South Wales Government's commitment to support operating and financial obligations.

Special Commission of Inquiry

The New South Wales Government commissioned an inquiry under the authority of the *Special Commission of Inquiry Act 1983* in April 2007. The inquiry examined Sydney Ferries' management structures and practices, operations, industrial practices, measures to achieve cultural change and regulatory and governance arrangements. On 31 October 2007 the Commission reported that:

...overall, the Corporation's performance has been less than satisfactory. It has consistently spent more than it has earned or received, it has not achieved much by way of productivity gains from its workforce, it is beset by cultural problems and it does not yet have in place all the management tools needed to efficiently run its operations.

The Commission recommended commencement of processes offering a comprehensive service contract, including fleet replacement responsibilities, to the market as soon as possible. The Special Commission of Inquiry's Report is available at:

www.nsw.gov.au/docs/Inquiry_SydneyFerries_311007.pdf.

Total Assets Management Plan (TAM)

We recommended that Sydney Ferries finalise its TAM as soon as possible.

Sydney Ferries advised us that the TAM was under development. It initially focused on the development of a Fleet Replacement Strategy (which we understand was completed and endorsed by the Board in July 2007). We also understand that finalisation of the TAM was deferred to incorporate strategic directions arising from the Special Commission of Inquiry.

Overtime (Repeat Issue)

We recommended that Sydney Ferries review rostering procedures and monitor overtime levels to ensure that the benefits of Enterprise Bargaining Agreements are realised.

Details of overtime paid to operational staff over the past three years are:

Year End 30 June	Staff Numbers		
	2005	2006	2007
Overtime			
\$30,001 to \$50,000	2	--	8
\$20,001 to \$30,000	7	3	29
\$10,001 to \$20,000	45	17	89
\$5,001 to \$10,000	94	91	115
\$nil to \$5,000	210	229	350
TOTAL	358	340	591
TOTAL \$'000	1,935	2,958	3,628

The rise in overtime costs and the number of recipients appears inconsistent with the objectives of the prepaid overtime arrangements within the new Enterprise Bargaining Agreements. Sydney Ferries advised us that these benefits will be realised with the introduction of the new crew based rosters, the timing of which is dependent upon the outcome of proceedings in the Australian Industrial Relations Commission.

Leave Entitlements (Repeat Issue)

We have previously recommended that Sydney Ferries continue to monitor and manage leave entitlements to minimise adverse impact on Sydney Ferries' financial position.

Leave entitlements are paid at rates applicable at the time the leave is taken. Excessive leave balances will place additional financial pressures on Sydney Ferries. The following table profiles employee leave entitlements.

Entitlement (days)	2006			2007		
	No of Personnel	Total Days	Average Days	No of Personnel	Total Days	Average Days
Annual Leave						
> 100	8	959	120	8	1,021	128
81 - 100	10	874	87	10	894	89
61 - 80	29	1,964	68	22	1,513	69
TOTAL	47	3,797	81	40	3,428	86
Public Holidays						
> 60	8	613	77	8	622	78
41 - 60	10	470	47	8	420	53
21 - 40	13	342	26	14	392	28
10 - 20	29	399	14	24	342	14
TOTAL	60	1,824	30	54	1,776	33
TOTAL EMPLOYEES	632			644		

PERFORMANCE INFORMATION

Sydney Ferries provided the following information regarding its performance:

Year ended 30 June	Actual			Target
	2005	2006	2007	2007
Operational performance				
Services that run on time (%) (i)	98.9	98.4	<i>98.0</i>	<i>99.5</i>
Patronage growth (%)	0.6	(0.2)	<i>0.8</i>	<i>1.0</i>
Number of customer complaints	853	1,243	<i>1,808</i>	<i>800</i>
Number of significant incidents (ii)	3	2	<i>2</i>	<i>--</i>
Number of passenger injuries (iii)	11	17	<i>35</i>	<i>16</i>
Number of sick days taken per employee	10.1	9.6	<i>8.4</i>	<i>7.0</i>
Fleet availability (%) (iv)	73.0	71.0	<i>77.0</i>	<i>80.0</i>
Vessel reliability (%) (v)	Not Measured	91.0	<i>93.0</i>	<i>95.0</i>
Financial performance				
Earnings before interest, taxes, depreciation and amortisation (\$m) (vi)	10.1	(35.0)	<i>16.8</i>	<i>(3.4)</i>
Operating deficit (\$m) (vi)	6.3	53.5	<i>(2.9)</i>	<i>(22.3)</i>
Return on average assets (%) (vii)	(1.7)	(39.4)	<i>1.9</i>	<i>(16.1)</i>
Return on equity (%) (viii)	(7.7)	(88.7)	<i>(7.7)</i>	<i>(79.9)</i>

- (i) Proportion of actual services departing on time (within five minutes of scheduled departure as measured at Circular Quay).
- (ii) Incidents resulting in loss of life, life-threatening injury or injury to multiple persons, and/or damage over \$100,000.
- (iii) Passenger injury that occurs as a result of ferry operations and requires medical attention.
- (iv) Percentage of fleet available for scheduled services (days available as a percentage of total working days).
- (v) Percentage of available vessels that remain in service without withdrawal as a consequence of mechanical failure.
- (vi) Excludes capital grants and includes asset revaluation adjustment in 2005-06 of (\$36.5 million).
- (vii) Operating result before interest as a percentage of annual average total assets.
- (viii) Operating result after interest as a percentage of annual average total equity.

Sydney Ferries attributes the increase in customer complaints to late or cancelled services due to operational difficulties and lack of timely information to customers on service disruptions. Contributing factors for these cancellations were weather conditions, damage and closure to several wharves. Increased passenger injuries 'were due to injuries sustained on gangways and wharfs, or slips, trips and falls'. Sydney Ferries will review the trend to identify contributing factors and institute remedial action.

OTHER INFORMATION

Policies and Procedures

Upon its establishment as a separate entity in 2004-05, Sydney Ferries initially adopted many of the State Transit Authority's policies and procedures.

Sydney Ferries has yet to develop an accounting procedures manual. Management told us that a comprehensive Accounting Procedures Manual will be prepared and implemented as a distinct operating project parallel to the implementation of the Integrated Management System (IMS). The IMS project is expected to be completed in June 2008 at an estimated cost of \$3.8 million.

We identified other opportunities for Sydney Ferries to improve its practices and procedures. We will further discuss these with corporation staff and, where appropriate, report them to management.

Withdrawal from Sightseeing Cruises

Following an agreement reached between the Ministry of Transport and the Commercial Vessels Association, Sydney Ferries discontinued its cruise product in April 2007. This product contributes approximately \$1.9 million in annual revenue.

FINANCIAL INFORMATION

The following information relates to the Sydney Ferries' finances.

Abridged Income Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Farebox revenue	48,039	45,329
Government contributions	71,175	47,752
Other	728	1,093
TOTAL REVENUE	119,942	94,174
Employee related expenses	62,172	50,411
Operations and maintenance expenses	41,020	37,386
Depreciation and amortisation	14,678	14,651
Valuation adjustments	--	36,504
Borrowing costs	4,952	3,903
TOTAL EXPENSES	122,822	142,855
DEFICIT	2,880	48,681

The increase in employee related expenses reflect higher labour cost structures following the implementation of enterprise bargaining agreements. Also contributing to the increase were additional crew resources and overtime costs.

Operations and maintenance expenses increased by \$3.7 million, largely due to higher fleet maintenance and fuel costs.

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Current assets	16,228	11,698
Non-current assets	99,942	95,176
TOTAL ASSETS	116,170	106,874
Current liabilities	38,143	32,530
Non-current liabilities	41,841	35,278
TOTAL LIABILITIES	79,984	67,808
NET ASSETS	36,186	39,066

Current assets increased by \$4.5 million, largely due to a \$2.1 million improvement in defined benefits superannuation scheme assets and additional receivables of \$2.3 million. The increase in liabilities reflects additional employee entitlements of \$3.9 million and a \$5.6 million rise in the level of borrowings at year end.

ENTITY ACTIVITIES

Sydney Ferries Corporation was established as a statutory State owned corporation (SOC) on 1 January 2004 by amendments to the *Transport Administration Act 1988*. It is a not-for-profit entity that operates ferry passenger services on Sydney Harbour and the Parramatta River. Its principal objective is delivery of safe and reliable ferry services in an efficient, effective and financially responsible manner.

The Treasurer and the Minister for Finance are Sydney Ferries' two shareholders.

For further information on Sydney Ferries, refer to www.sydneyferries.nsw.gov.au.

Premier

Department of Premier and Cabinet

Independent Commission Against Corruption

New South Wales Electoral Commission

Ombudsman's Office

World Youth Day Co-ordination Authority

Refer to Appendix 1 for:

Infrastructure Implementaion Corporation

Sesquicentenary of Responsible Government Trust

Department of Premier and Cabinet

AUDIT OPINION

The audit of the Department's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

OTHER INFORMATION

Audit Committee (Repeat Issue)

We recommend the Department appoint an Audit Committee, to improve governance and the internal control environment at the Department, including regional offices. This would also be consistent with better practice in the area of governance.

Management advised that significant progress has been made in the current year towards that end, and anticipates the Committee will be operational either by the end of November, or early in 2008.

Calculation and Disclosure of Employee Benefits and Related On-Costs (Repeat Issue)

The Department should calculate and disclose employee benefits and related on-costs in line with NSW Treasury circulars and accounting standards. This requires:

- discounting of long term recreation leave
- disclosing of current employee benefits expected to be settled later than 12 months
- calculating of workers compensation on-cost on recreation leave
- calculating of leave loading on recreation leave correctly.

The present situation results in employee benefits and related on-costs not being correctly recorded in the financial report.

Aboriginal Trust Fund Repayment Scheme

The Department received \$4.3 million (\$3.0 million in 2005-06) towards the Aboriginal Trust Fund Repayment Scheme, and paid \$389,524 (\$256,970) to the claimants.

At 30 October 2007, there were 1,558 (1,163 at 30 June 2006) potential claimants registered with the Scheme, being a 29.5 per cent increase on 2005-06. Of these claims 364 (358) are direct claims and 1,194 (805) are people who wish to make a descendant claim.

At 30 June 2007, 313 interim assessments had been issued to claimants for their response and 233 claims had been finalised. This Scheme was previously within the Department of Community Services. It was transferred to the Department of Premier and Cabinet in July 2005.

Prior to 1969, successive New South Wales Governments deducted money from some Indigenous people's pensions, family endowment payments, apprentice wages, inheritances and lump sum compensation payments. This money was paid into a Trust Fund. In December 2004, the New South Wales Government announced that it would establish an Aboriginal Trust Fund Repayment Scheme to repay the money.

Recreation Leave Balances in Excess of 40 days

We recommend the Department instruct all employees with leave balances in excess of 40 days to reduce their balance, by taking leave as considered appropriate.

At 30 June 2007, 20 per cent of employees had a recreation leave balance in excess of 40 days. The high annual leave balances are contrary to government guidelines, and may result in lowering the quality of the control environment or have Occupational Health and Safety implications. Allowing employees to build large leave balances may also result in additional costs to the Department, because leave may be paid out at higher salary rates.

Other Control Issues

We identified other opportunities for improvement to accounting and internal control procedures and have reported them to management.

Administrative Restructure

As a result of the 'Public Sector Employment and Management (General) Order 2007' (the Order), which commenced on 27 April 2007, the name of the Premier's Department changed to the Department of Premier and Cabinet.

Under the Order, with effect from April 2007, an administrative restructure resulted in the Cabinet Office along with the Parliamentary Counsel's Office being transferred to the Department.

Government Advertising

We reported to Parliament on 29 August 2007 that:

- there was an increase in spending on media advertising leading up to the March 2007 State election
- the current guidelines are not adequate to prevent the inappropriate use of public funds for advertising, and
- we found it difficult to obtain information on the total amount spent on the advertising campaign.

For further information, see our report at www.audit.nsw.gov.au.

FINANCIAL INFORMATION

Abridged Operating Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Employee related	84,545	72,070
Grant and subsidies	11,165	12,777
Other expenses	82,338	64,068
TOTAL EXPENSES	178,048	148,915
TOTAL REVENUE	10,454	9,720
Other losses	66	2,432
NET COST OF SERVICES	167,660	141,627
Government contributions	171,904	148,541
SURPLUS	4,244	6,914

Employee related expenses rose due to higher staff numbers resulting from the transfer of the Cabinet Office into the Department, as well as public sector award increases and increased redundancy payments.

Other expenses increased, largely due to an increase in advertising expenditure of \$5.8 million, for the recruitment of nurses and police; \$2.6 million relating to the State Plan; and \$1.1 million on the desalination campaign. The increase was also due to a rise in lease rental payments of \$2.1 million, resulting from ten new Ministers' offices in April 2007, and the establishment of new branches late in 2005-06.

Abridged Balance Sheet

As at 30 June	2007 \$'000	2006 \$'000
Current assets	22,501	17,313
Non-current assets	15,630	11,446
TOTAL ASSETS	38,131	28,759
Current liabilities	20,497	16,421
Non-current liabilities	83	1,132
TOTAL LIABILITIES	20,580	17,553
NET ASSETS	17,551	11,206

Non-current assets increased, mainly due to the addition of \$4.9 million of plant and equipment and intangible assets from the transfer of the Cabinet Office to the Department.

The rise in total liabilities was largely due to the transfer of the Cabinet Office's employee provisions of \$1.7 million.

Program Information

The table below details the net cost of services for the Department on a program basis:

Year ended 30 June	2007			2006
	Revenues \$'000	Expenses \$'000	Net Cost of Services \$'000	Net Cost of Services \$'000
Services for the Governor's Office	--	1,948	1,948	2,291
Services for the Leaders of the Opposition	--	2,620	2,620	1,857
Performance development	14	3,841	3,829	3,232
Ministerial and Parliamentary Services	1,013	67,127	66,114	62,837
Public Employment Office	2,584	20,946	18,364	11,714
Strategic Projects	994	12,790	11,819	12,186
State Administration Services	5,985	61,886	55,947	45,306
Office for Women	16	2,353	2,337	2,204
General Counsel and Policy Development	46	3,341	3,295	--
Parliamentary Counsel's Office	15	1,409	1,387	--
Other**	(213)	(213)	--	--
Total all programs	10,454	178,048	167,660	141,627

** Represents the revenue and expenses that are not attributable to a specific program.

DEPARTMENT ACTIVITIES

The Department of Premier and Cabinet's role is to:

- provide strategic advice and services to the Premier
- manage issues and projects of significance to the State
- provide leadership to the New South Wales public sector
- maintain the effective management of public sector staff and resources and
- ensure a whole-of-government approach to policy development and service provision within the public sector, especially in regional and rural areas.

For further information on the Department, refer to www.premiers.nsw.gov.au.

Independent Commission Against Corruption

AUDIT OPINION

The audit of the Commission's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

PERFORMANCE INFORMATION

In 2006-07 the Commission established a performance indicator to measure the percentage of investigations completed within 12 months. The Commission exceeded its target of greater than 90 per cent by achieving a result of 92 per cent (82 per cent in 2005-06).

The information contained in the table below shows the levels of complaints received, investigated and those referred to other agencies or assessed as requiring no further action. Outcomes of investigations have also been provided.

Year ended 30 June	2003	2004	2005	2006	2007
Complaints					
Matters received	1,822	2,886	2,511	2,191	2,149
Investigated	134	170	48	56	73
Referred to other agencies or assessed as requiring no further action	1,460	2,500	2,308	2,051	1,673
Outcomes of Investigations					
Corrupt conduct findings:					
- identified	*	18	15	61	17
- issued investigation report	5	10	6	7	5
- investigations completed within 12 months (%)	*	*	30	82	92
- recommendations implemented (%)	92	90	95	85	91

Source: Independent Commission Against Corruption.

* not measured.

The number of complaints received by the Commission has trended down over the last four years. The percentage of complaints investigated has been between 1.9 per cent and 7.4 per cent each year. Investigations completed within 12 months has now risen to 92 per cent and in four of the last five years 90 per cent or more of the recommendations from these investigations were implemented by agencies.

FINANCIAL INFORMATION

Year ended 30 June	2007 \$'000	2006 \$'000
Revenue	488	415
Employee related expenses	11,990	11,259
Other expenses	4,739	4,623
Net cost of services	16,241	15,467
Government contributions	16,467	15,630
Net assets (at 30 June)	2,128	1,902

Revenue increased marginally primarily due to assets acquired at no cost from the Department of Commerce. The majority of the increase in employee related expenses was due to wage increases.

COMMISSION ACTIVITIES

The Commission, established by the *Independent Commission Against Corruption Act 1988*, is responsible for promoting integrity in public administration throughout New South Wales by exposing and minimising corruption.

For further information regarding the Commission, refer to www.icac.nsw.gov.au.

New South Wales Electoral Commission

AUDIT OPINION

The audit of the Commission's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

FINANCIAL INFORMATION

Year ended 30 June	2007 \$'000	2006 \$'000
Employee related expenses	5,216	4,889
Other expenses	47,955	7,882
Revenue	1,523	881
Net cost of services	51,648	11,890
Government contributions	53,659	13,811
Surplus	2,011	1,921
Net assets (at 30 June)	5,535	3,524

Increases in net cost of services and government contributions were largely due to the 2007 General Election.

The table below compares general election expenditure and penalty notices issued to registered electors who did not vote in 1999, 2003 and 2007 General Elections.

	1999	2003	2007
General election expenditure (\$'000)	34,478	30,910	38,589
Penalty notices issued	105,774	206,548	152,091

Source: New South Wales Electoral Commission.

Management advised us the 2007 State election was conducted without any court challenges to the results (nil court challenges in 2003 and 1999 State elections). In two electorates, candidates requested a recount and in each case the returning officer conducted the recount in the presence of scrutineers without change to the result.

COMMISSION ACTIVITIES

The Commission assists the Electoral Commissioner administer the *Parliamentary Electorates and Elections Act 1912* (the Act) by enrolling electors, preparing rolls and conducting elections. The Commission conducts council elections under the *Local Government Act 1993* and other statutory and industrial ballots.

In September 2006, the Act was amended to:

- increase the responsibilities of the Electoral Commissioner
- change a number of procedural aspects when conducting elections
- change the name of the State Electoral Office to the New South Wales Electoral Commission.

For further information on the New South Wales Electoral Commission, refer to www.elections.nsw.gov.au.

Ombudsman's Office

AUDIT OPINION

The audit of the Office's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

PERFORMANCE INFORMATION

Formal Complaints and Notifications

In 2006-07 the Office received 32,390 complaints, inquiries and notifications (33,315 in 2005-06). Of these, 9,692 (10,304) were formal complaints and notifications which were down on the prior year in all categories apart from employment related child protection.

Year ended 30 June	2005		2006		2007	
	Received	Finalised*	Received	Finalised*	Received	Finalised*
Police	4,179	4,367	3,753	3,833	<i>3,466</i>	<i>3,555</i>
Employment related child protection	1,892	1,843	1,865	1,620	<i>2,078</i>	<i>1,830</i>
Community services	667	683	595	586	<i>560</i>	<i>569</i>
Public sector agencies**	2,979	3,436	3,666	3,630	<i>3,196</i>	<i>3,223</i>
Agencies outside jurisdiction	575	537	425	427	<i>392</i>	<i>392</i>
Total	10,292	10,866	10,304	10,096	<i>9,692</i>	<i>9,569</i>

Source: Ombudsman's Office.

* Includes complaints and notifications received in previous years.

** Includes witness protection appeals and controlled operations authorities audited.

Requests for Reviews of Finalised Decisions

Complainants can request the Ombudsman to review finalised decisions made by his staff. The Office has set the following performance target for each team tasked with making these decisions and uses this as a measure of the quality of the services it provides.

Year ended 30 June	Actual					Target
	2003 %	2004 %	2005 %	2006 %	2007 %	2007 %
Request for review						
Police	1.3	1.9	1.7	1.6	<i>1.7</i>	<i><1.8</i>
Employment related child protection	2.0	3.5	1.2	6.3	<i>2.5</i>	<i><6.0</i>
Community services	na	2.2	1.5	1.9	<i>1.4</i>	<i><6.0</i>
General	9.1	6.7	5.5	5.1	<i>6.0</i>	<i><6.0</i>

Source: Ombudsman's Office.

na: not applicable.

In 2007 the number of requests for review of finalised complaints were all within target.

Outcomes of reviews of finalised decisions

	Total Requests for Review Received	Total Decisions Reviewed *	Affirmed	Resolved	Reopened
Police	61	55	49	6	--
Employment related child protection	2	2	1	--	1
Community services	8	8	8	--	--
Public sector agencies	195	193	176	3	14
Agencies outside jurisdiction	4	4	4	--	--
Total 2006-07	270	262	238	9	15
% of total	3.6	100	91	3	6
Total 2005-06	258	236	223	5	8
% of total	--	100	95	2	3

Source: Ombudsman's Office.

* Some reviews are not finalised in the same year of request

In 91 per cent of cases the original decision made by the delegated officer was affirmed by the Ombudsman and three per cent were resolved after the Ombudsman made further contact with the agency and it agreed to take action to resolve the complaint.

FINANCIAL INFORMATION

Year ended 30 June	2007 \$'000	2006 \$'000
Revenue	177	181
Employee related expenses	16,342	14,675
Other expenses	4,688	4,530
Net cost of services	20,853	19,024
Government contributions	20,473	19,055
Net assets (at 30 June)	957	1,337

Employee related expenses increased by \$1.7 million due to a regular annual pay rise and the employment of additional staff for the Ombudsman's legislative review function.

Government contributions increased by \$1.4 million to fund legislative reviews and public sector pay increases.

OFFICE ACTIVITIES

The Office was established by the *Ombudsman Act 1974*. It deals with complaints about New South Wales' public sector agencies (including local councils) and community service providers on matters about child and family services, disability accommodation and support, home and community care and other services. The Office also oversees and monitors the investigation of allegations relating to child protection against employees of government agencies and certain private organisations such as schools and childcare centres. The Office also reviews the deaths of certain children, young people and people with a disability in care.

For further information on the Office, refer to www.ombo.nsw.gov.au.

World Youth Day Co-ordination Authority

AUDIT OPINION

The audits of the Authority and its controlled entity's financial reports for the period 4 December 2006 to 30 June 2007 resulted in unqualified Independent Auditor's Reports.

Unless otherwise stated, the following commentary relates to the consolidated entity.

KEY ISSUES

World Youth Day Event

Racehorse trainers might seek compensation from organisers of the Word Youth Day 2008 for lost earnings and displacement costs, etc if the event is held at Randwick racecourse. Management advised us the Authority is currently negotiating on behalf of the New South Wales Government, in good faith, with the Australian Jockey Club to secure Randwick Race Course as a venue for the event. In this respect, any liability that might arise would be met by the State or Federal Government and/or WYD08 Trust (Catholic Church), and not the Authority.

FINANCIAL INFORMATION

The following information relates to the Authority's consolidated finances. As this is the Authority's first year of operation, there is no comparative information.

Key Financial Information

Period ended 30 June	2007	
	Consolidated \$'000	Authority \$'000
Revenue	8	8
Employee related expenses	708	--
Personnel services expenses	--	708
Other expenses	1,804	1,804
Net cost of services	2,504	2,504
Government contributions	2,493	2,493
Deficit	11	11
Net assets (at 30 June)	6	6

Other expenses include payments for the preparation of road and transport plans and first aid services to be provided at the World Youth Day Event in July 2008. These include payments of \$926,000 for health and ambulance services.

AUTHORITY ACTIVITIES

The principal function of the Authority is to develop policies, strategies and plans for the delivery of, and to co-ordinate and manage the delivery of, integrated government services for World Youth Day events.

The Authority was established under the *World Youth Day Act 2006*. The Act will be repealed on 1 September 2009.

CONTROLLED ENTITY

The following controlled entity has not been reported separately on as it is not considered material by its size or the nature of its operations to the consolidated entity.

Entity Name

Office of World Youth Day Co-ordination Authority

Special Minister of State

Parliamentary Contributory Superannuation Fund

Parliamentary Contributory Superannuation Fund

AUDIT OPINION

The audit of the Fund's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

KEY ISSUES

Fund Reform

In Volume Five of the Auditor-General's 2006 Report to Parliament, we reported on the Government's reform to superannuation entitlements for members of Parliament reducing entitlements for new members but not affecting current members' entitlements.

The *Parliamentary Superannuation Legislation Amendment Act 2005 (No 110)* amending the *Parliamentary Contributory Superannuation Act 1971* resulted in the closure of the Parliamentary Superannuation Contributory Fund at the 2007 New South Wales State general election.

Members of Parliament first elected at the 2007 New South Wales State general election are the first set of members to have contributions paid by Government at the rate of nine per cent of salary.

Under Part 1A of the *Parliamentary Contributory Superannuation Act 1971*, sitting members who remained in Parliament after the 2007 New South Wales State general election and, if they subsequently leave parliament but re-enter within a period of three months, maintain their membership in the fund with the arrangement that existed prior to the amendment to the Act.

Unfunded Liabilities

In the 2005 triennial review, the actuary recommended Crown contributions of between \$10.0 million and \$15.0 million for 2005-06, indexed at four per cent per annum thereafter.

The NSW Treasury (Treasury) has established a medium term funding level target of 80 per cent for the Fund in order to minimise the possibility of the Fund becoming overfunded. As the current funding level exceeds the target, Treasury suspended Crown contributions for the period beginning 1 July 2006 to 30 June 2008. After this period, the funding level target will be reviewed.

Unfunded liabilities, being the difference between net assets held by the Fund and accrued superannuation benefits, increased from \$32.2 million at 30 June 2006 to \$40.3 million at 30 June 2007, representing 82.9 per cent medium term funding level target for the Fund.

Contributions by fund members are fixed at 12.5 per cent of salary as a member, Minister or office holder. The Crown is responsible for the unfunded liability.

Superannuation Unfunded Liabilities	2005	2006	2007
Net reported accrued benefits (\$'000)	295,066	303,513	<i>361,130</i>
Net assets available to pay benefits (\$'000)	234,935	271,315	<i>299,353</i>
Unfunded (%)	20.4	10.6	<i>17.1</i>

PERFORMANCE INFORMATION

Fund Returns

The Fund's investment strategy is intended to minimise the long-term cost of the Fund to the taxpayer. The Fund's investment return for 2006-07 was 17.9 per cent, which was in line with its benchmark return. The return on Australian shares was the largest positive contributor to performance over the year.

The Fund's five-year return was 11.6 per cent, while the average manager five year return was 12.6 per cent per annum.

The Fund's annual returns over the last five years were:

Year ended 30 June	2003	2004	2005	2006	2007
Fund % pa	(5.9)	18.2	13.5	16.4	17.9
Average manager % pa	(1.3)	16.4	14.7	17.4	16.2
Quartile rank %	4.0	1.0	4.0	3.0	1.0

Source: Fund Administrator.

Most member benefits are calculated using the member's salary and years of membership, with some benefits affected by Fund performance.

FINANCIAL INFORMATION

Statement of Changes in Net Assets

Year ended 30 June	2007 \$'000	2006 \$'000
Contribution revenues:		
NSW Government	--	15,760
Members	2,093	2,093
Net investment revenues	46,234	37,043
TOTAL REVENUE	48,327	54,896
Benefits paid	18,969	15,047
Scheme administration expenses	477	391
Surcharge expense	812	1,056
Income tax expenses	31	2,022
TOTAL EXPENSES	20,289	18,516
INCREASE IN NET ASSETS AFTER TAX	28,038	36,380

Statement of Net Assets

Year ended 30 June	2007 \$'000	2006 \$'000
Investments:		
Short-term securities	2,785	4,734
Fixed interest	59,769	59,451
Equities	164,248	160,612
Trusts	42,761	36,498
	<hr/> 269,563	<hr/> 261,295
Other assets	34,639	16,922
TOTAL ASSETS	<hr/> 304,202	<hr/> 278,217
Less: liabilities	4,849	6,902
NET ASSETS AVAILABLE TO PAY BENEFITS	<hr/> 299,353	<hr/> 271,315

FUND ACTIVITIES

The Fund is a superannuation scheme for members of the Legislative Council and the Legislative Assembly. It has eight trustees: two from the Legislative Council; five from the Legislative Assembly and the Secretary of the Treasury. The Trustees are responsible for managing the Fund.

Governing Act

The Fund operates under the *Parliamentary Contributory Superannuation Act 1971*. Key scheme features are:

- members contribute at the rate of 12.5 per cent of gross salary
- a pension is payable after seven years service at a rate of 48.8 per cent of the current basic Parliamentary salary for a private member. The rate increases by 0.2 per cent of salary for each extra month of service until, at 20 years service, it reaches the maximum, i.e. 80 per cent of the current basic salary rate. The rate is then also increased by the ratio of total salaries received (including payment for serving as a minister) to total basic salary received. Members joining the scheme after 6 December 1999 must attain a minimum age of 55 years before a retirement pension may be paid
- a spouse's pension at 75 per cent of a deceased member's entitlement with a minimum of 45 per cent of current basic Parliamentary salary, if the member joined the scheme after 12 November 1979. Otherwise, a spouse's pension is the greater of 62.5 per cent of a deceased member's full pension entitlement and 40 per cent of the current basic Parliamentary salary
- a pension entitlement for children less than 18 years of age or full-time students less than 25 years of age at the rate of 10 per cent of the current basic Parliamentary salary where there is no surviving spouse or 5 per cent where there is a surviving spouse
- pensions are adjusted in line with movements in members' basic salaries
- pensions continue to be payable to former members who accept office or hold a place of profit under the Crown
- members who leave Parliament after less than seven years service receive a refund of contributions plus a supplementary benefit. The supplementary benefit is two and one-third times the contributions paid by a member whose service is involuntarily terminated and one and one-sixth times for voluntary termination

- part or all of a member's or spouse's pension may be commuted to a lump sum payment at the rate of ten times the amount of annual pension entitlement so commuted. The spouse pension may only be commuted where the former member dies in service
- members joining the scheme after March 2007 have contributions paid at nine per cent and are entitled to their contribution plus accumulated investment returns on retirement.

Treasurer

Crown Property Portfolio

Electricity Tariff Equalisation Ministerial Corporation

Energy Industries Superannuation Scheme

Liability Management Ministerial Corporation

NSW Self Insurance Corporation

SAS Trustee Corporation - Pooled Fund

State Super Financial Services Australia Limited

The Crown Entity

Treasury

Crown Property Portfolio

AUDIT OPINION

The audit of the Portfolio's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

KEY ISSUES

Removal of longstanding qualification

The Audit Office has been qualifying the financial reports of the Portfolio since 1999 because it accounted for the portion of the Colonial State Bank Centre, which it sub-leases, as an operating lease rather than a finance lease. This qualification was not required for the 2007 financial report because the Portfolio treated this arrangement as a finance lease.

Transfer of assets and liabilities to the State Property Authority

On 1 February 2007, the Kooragang Island industrial estates and three Newcastle properties acquired from BHP Billiton in June 2002 valued at \$138 million, together with \$121 million cash, set aside for land remediation to two of those sites, were transferred from the Portfolio to the State Property Authority (SPA).

The responsibility for the remaining Portfolio's functions, along with the remaining assets and liabilities were transferred to SPA from 1 July 2007. The Portfolio ceased operations from that date.

Shea's Creek Wool Sheds and Q-stores sale

On 21 December 2005, contracts were exchanged for the sale of the Shea's Creek Woolsheds and the former Q-stores' warehouse for a total sale price of \$52.8 million. The sale proceeds were split 70 per cent to the Portfolio (Shea's Creek's portion of total proceeds) and 30 per cent to the Department of Commerce (Q-stores' portion of total proceeds). Settlement was rescheduled a number of times and eventually occurred on 3 July 2007. The Portfolio's portion of the proceeds was taken up by the State Property Authority.

PERFORMANCE INFORMATION

Building Yields

The Portfolio's return on assets it leases is shown in the following table:

Year ended 30 June	Net Yield 2006	Net Yield 2007	Industry Benchmark*
Location			
Sydney CBD (%)	8.2	7.4	6.5-7.1
Metropolitan (%)	9.6	11.1	na
Country (%)	9.5	8.7	na
Overall (%)	8.7	9.0	na

* Source: Jones Lang La Salle Research. Industry benchmark for Secondary Grade office accommodation.
na: not available.

The best performing Sydney CBD property owned by the Portfolio was the Chief Secretary building which recorded a net yield of eight per cent (4.5 per cent in 2005-06). The net yield increased because the property had no tenants while being refurbished in early 2005-06.

Three of the Portfolio's 34 properties recorded a negative yield. These buildings are located in country areas.

Vacancy Rates

Records maintained by the Portfolio show that its average vacancy rate for 2006-07 for all New South Wales properties ranged from a high of one per cent (1.5 per cent) in October and November 2006 to a low of 0.6 per cent (0.8 per cent) in June 2007. This compares favourably with the average industry vacancy rate for Sydney CBD of 5.6 per cent at 30 June 2007 (7.5 per cent). At 30 June 2007, 2,092 square metres (3,239 square metres) or approximately 0.6 per cent (one per cent) of the Portfolio's office accommodation remained vacant.

Lease Rentals

One of the objectives of the Portfolio is to use its purchasing and negotiating power to obtain cheaper office accommodation for government agencies. Our analysis shows that the average rent per square metre payable by the Portfolio at 30 June 2007, for 25 of the 30 leased properties in the Sydney CBD and Parramatta areas, was lower than the industry average. We estimate that this equates to savings of about \$16.6 million per annum.

The five leased properties whose rental is higher than the average are the Pacific Power building, Colonial State Bank building, Macquarie Tower building, City Centre building and Domain House. Four of these properties are subject to long-term leases entered into in the 1980s and 1990s. The Portfolio pays approximately \$501,000 more than the industry average.

Overall, the results suggest that the Portfolio leases most office accommodation at rates lower than the industry benchmark.

OTHER INFORMATION

We identified some opportunities to improve accounting and minor controls and will include them in a letter to both the Portfolio and State Property Authority management.

Capital Works

In 2005, work started on a new government office block at Queanbeyan. Total budgeted cost for the project is \$42.0 million with \$12.3 million spent by the Portfolio to 30 June 2007 (\$4.5 million to 30 June 2006).

Construction continued on the Parramatta Justice Precinct project. The final estimated cost of this project is \$330 million, the Portfolio's portion being \$134 million. The Portfolio has spent \$111 million (\$39.0 million) on this project to 30 June 2007 with the remaining \$23.2 million to be spent in 2007-08. The project includes the construction of four buildings. Jeffery House and the Children's Court buildings were completed in 2006. The Justice Office building was completed in August 2007, while the Trial Court building is expected to be completed early in 2008.

In June 2006, Government approval was given to fund a \$60.0 million government office building in Penrith. This seven storey building will house 450 employees and is scheduled for completion in late 2008. The Portfolio has spent \$15.0 million (\$5.0 million) on this project to 30 June 2007.

FINANCIAL INFORMATION

Abridged Income Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Revenue		
Property rental Income	151,183	155,778
Consolidated Fund allocation	96,843	151,053
Other revenue	5,396	7,584
TOTAL RETAINED REVENUE	253,422	314,415
Expenditure on ordinary activities		
Head lease expenses	97,651	98,013
Provision for land remediation	8,337	(12,065)
Property and refurbishment expenses	15,427	16,709
Borrowing costs - finance leases	4,398	23,715
Other expenses	15,427	48,490
TOTAL EXPENDITURE	141,240	174,862
PROFIT	112,182	139,553

The Consolidated Fund allocation included capital expenditure funding of \$67.5 million for the Parramatta Justice Precinct, \$10.0 million for the office building at Penrith and \$7.8 million towards the Queanbeyan project. The 2005-06 allocation included \$88.5 million for the purchase of the McKell building.

The decrease in other expenses was due to the significant write down of \$32.3 million in 2005-06, in the carrying value of the Goodsell building after it was leased for 99 years.

Borrowing costs decreased by \$19.3 million mainly because the McKell building, previously under a finance leasing arrangement, was purchased in June 2006.

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Current assets	54,092	185,540
Non-current assets	728,201	709,888
TOTAL ASSETS	782,293	895,428
Current liabilities	19,468	57,766
Non-current liabilities	243,617	335,095
TOTAL LIABILITIES	263,085	392,861
NET ASSETS	519,208	502,567

Current assets decreased mainly as a result of a transfer of cash of \$121 million to SPA on 1 February 2007. The cash transfer relates to the future remediation of contaminated sites acquired from BHB Billiton in 2002.

Non-current assets increased by \$18.3 million due to a combination of:

- the transfer on 1 February 2007, of Newcastle land valued at \$138 million to the SPA
- expenditure on capital work-in-progress of \$95.1 million during the year
- a net revaluation increment of \$61.9 million. The majority of this revaluation related to the Colonial State Bank finance lease asset.

The decrease in current and non-current liabilities was mainly attributable to the transfer of the liability for the remediation of contaminated land of \$121 million to the SPA.

PORTFOLIO ACTIVITIES

The Portfolio's principal activity was managing and collecting rent of multi-occupancy buildings owned and leased by the New South Wales Government, and of properties retained by the Government for strategic reasons. Day-to-day property management of office buildings was outsourced to a private sector agent.

Electricity Tariff Equalisation Ministerial Corporation

AUDIT OPINION

The audit of the Corporation's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

KEY ISSUES

Impact of High Electricity Prices

Electricity wholesale prices in the National Electricity Market (NEM) increased significantly during 2006-07. The average spot price in New South Wales for 2006-07 was \$58.72 per megawatt hour (MWh), a rise of 58 per cent over the 2005-06 average of \$37.24 per MWh.

The increase in the wholesale price of electricity resulted in New South Wales government owned retailers paying more for electricity than the regulated price paid by customers. During June 2007, the amount required to compensate retailers exceeded the amount available in the Electricity Tariff Equalisation Fund (the Fund). In accordance with the payment rules, New South Wales Government owned generators were required to contribute \$121 million to the Fund.

The Corporation is required to return the contribution from generators when the Fund has available surplus assets.

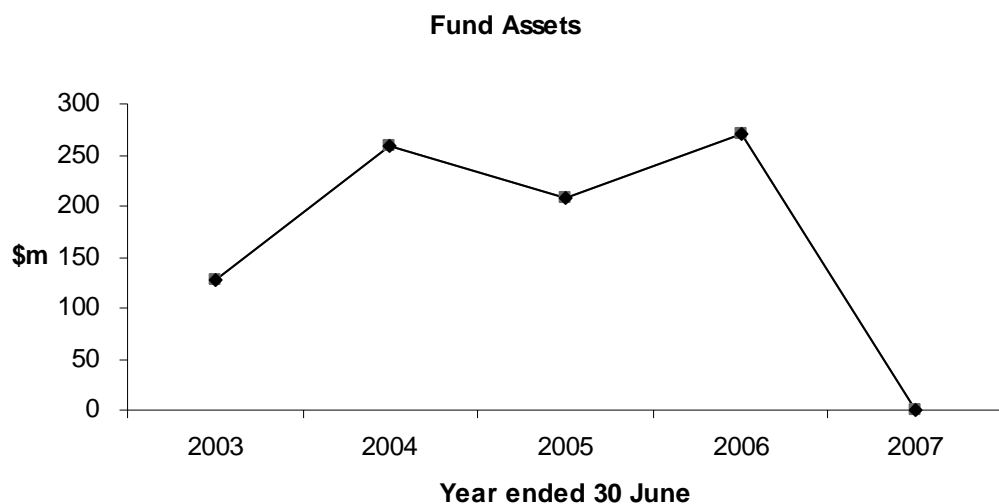
Termination of the Fund

We recommend NSW Treasury consider amending the *Electricity Supply Act 1995* (the Act) or payment rules to specify how surplus funds are to be disbursed when the Fund is terminated at 30 June 2010.

The New South Wales Government announced in April 2006 that it will phase out the Fund between September 2008 and June 2010. The electricity supply supported by the Fund will reduce to 80 per cent from September 2008, 60 per cent from March 2009, 40 per cent from September 2009, 20 per cent from March 2010 and will wind up in June 2010.

There is no provision in the Act or the payment rules regarding the disbursement of surplus funds (if any) upon the Fund's termination. Given the volatility of the spot price, the amount in the Fund can fluctuate significantly from year to year.

NSW Treasury agrees with our recommendation and is currently in the process of amending the payment rules.



FINANCIAL INFORMATION

Abridged Income Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Tariffs to retailers	582,198	311,118
Other	285	218
TOTAL EXPENSES	582,483	311,336
Tariffs from retailers	168,942	361,344
Tariffs from generators	120,984	-
Other	20,424	12,870
TOTAL REVENUES	310,350	374,214
(DEFICIT)/SURPLUS	(272,133)	62,878

There were no tariffs paid to generators during the year.

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Total assets	434,027	271,652
Total liabilities	434,849	341
NET (LIABILITIES)/ASSETS	(822)	271,311

Total Assets comprise cash, \$313 million and receivables from generators, \$121 million. Total Liabilities represent the amounts payable to retailers to compensate them for the increased cost of wholesale electricity.

CORPORATION ACTIVITIES

The Corporation's purpose is to maintain the ability of standard retail electricity suppliers to supply electricity at regulated retail tariffs. The Independent Pricing and Regulatory Tribunal regulate the tariffs that retailers charge standard customers.

New South Wales Government-owned retailers of electricity pay into the Fund when electricity pool prices are lower than the energy cost component of the regulated price paid by customers. When pool prices are higher than the energy cost component, the Fund pays retailers so they can purchase wholesale electricity and still earn a regulated margin. New South Wales Government-owned generators cover any shortfall in the Fund.

The Corporation is a statutory body representing the Crown. It is managed by the Treasurer and was created to administer the Electricity Tariff Equalisation Fund. The *Electricity Supply Act 1995* constituted the Corporation and the Fund in January 2001.

Energy Industries Superannuation Scheme

AUDIT OPINION

The audit of the Scheme's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

KEY ISSUES

Superannuation Simplification

The Commonwealth Government introduced significant changes to the superannuation system, effective 1 July 2007.

The key outcomes are an increase in the rate of superannuation accumulation generally and the range of options for people over age 60 in particular. Superannuation funds are now positioned for significant fund inflows driven by:

- favourable transition rules doubling the new annual cap for deductible contributions for those who are or will be aged 50 or over in the next five years
- unlimited maximum amounts retained in the superannuation environment through the abolition of reasonable benefits limits
- the impact of the previously announced removal of the Superannuation Contribution Surcharge.

The changes have created significant challenges for trustees because of the need to facilitate access for those aged from 60, given the wholesale changes to access rules including:

- tax free superannuation benefits
- no annual limits on withdrawals
- ability to add to superannuation funds whilst meeting the work-rule (40 hours over a month), up to age 75.

PERFORMANCE INFORMATION

The Scheme's investment strategies are designed to achieve competitive investment returns over timeframes appropriate for superannuation investments.

Member benefits in Pool A, the accumulation scheme, are affected directly by the investment return of the Scheme. The member benefits in Pool B, the defined benefits scheme, are less affected by scheme performance because benefits are mainly determined by the member's length of service and final salary.

The accumulation scheme's annual returns for the superannuation product over the last four years are:

Pool A

Year ended 30 June	2004	2005	2006	2007	2007 Median Manager % (b)
	% (a)	% (a)	% (a)	% (a)	
High growth	16.2	13.3	19.0	14.5	17.0
Diversified	12.6	12.1	15.0	12.6	14.9
Balanced	9.4	10.7	11.1	10.0	11.6
Capital guarded	6.1	9.5	7.2	7.3	8.7
Cash plus	4.1	4.3	4.4	6.3	5.4

(a) Source: Trustee.

(b) Source: Super Ratings Pty Ltd.

The defined benefit scheme's annual 'Trustee Selection' returns over the last four years are:

Pool B

Year ended 30 June	2004	2005	2006	2007
Fund % (a)	14.4	12.3	18.2	15.4
Median manager % (b)	13.2	12.8	14.2	15.6
Fund quartile rank	1.0	3.0	1.0	3.0

(a) Source: Trustee.

(b) Source: 2007, 2006, 2005 & 2004 - Super Ratings Pty Ltd for Diversified Funds.

OTHER INFORMATION

We identified opportunities to improve internal controls and administration of the Scheme and reported them to management.

FINANCIAL INFORMATION

Abridged Operating Statement - Pool A

Year ended 30 June	2007 \$'000	2006 \$'000
Contribution revenue:		
Employers	77,587	59,022
Members	119,442	90,970
	197,029	149,992
Investment revenue	75,022	58,156
Investment expenses	(2,295)	(1,489)
	72,727	56,667
TOTAL REVENUE	269,756	206,659
Scheme administration expenses	4,767	3,514
Surcharge expense	393	807
Income tax expense	16,614	11,711
TOTAL EXPENSES	21,774	16,032
INCREASE IN NET ASSETS AFTER TAX	247,982	190,627
Benefits paid	49,551	37,959

Abridged Balance Sheet - Pool A

At 30 June	2007 \$'000	2006 \$'000
Investments:		
Short-term securities	359	337
Trusts	709,031	514,867
	709,390	515,204
Other assets	26,301	16,584
TOTAL ASSETS	735,691	531,788
Liabilities	(14,149)	(8,834)
NET ASSETS AVAILABLE TO PAY BENEFITS	721,542	522,954

Statement of Changes in Net Assets - Pool B

Year ended 30 June	Consolidated		Pool B	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Contribution revenue:				
Employers	89,823	62,227	89,823	62,227
Members	18,877	22,792	18,877	22,792
	108,700	85,019	108,700	85,019
Investment revenue	386,228	363,468	310,573	305,689
Investment expenses	(10,266)	(7,328)	(8,619)	(6,866)
	375,962	356,140	301,954	298,823
TOTAL REVENUE	484,662	441,159	410,654	383,842
Benefits paid	92,178	70,418	92,178	70,418
Scheme administration expenses	7,857	7,106	7,857	7,106
Surcharge expense	563	1,087	563	1,087
Income tax expense	35,094	23,111	35,094	23,111
TOTAL EXPENSES	135,692	101,722	135,692	101,722
Minority interest	(74,008)	(57,317)	--	--
INCREASE IN NET ASSETS AFTER TAX	274,962	282,120	274,962	282,120

Statement of Net Assets - Pool B

Year ended 30 June	Consolidated		Pool B	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Investments:				
Unit trusts	2,308,646	1,736,116	1,999,118	1,736,116
Property	185,740	162,538	185,740	162,538
Securities	294,627	260,512	--	--
	2,789,013	2,255,116	2,184,858	1,898,654
Other assets	142,673	175,965	15,186	8,165
TOTAL ASSETS	2,931,686	2,431,081	2,200,044	1,906,819
Liabilities	82,353	51,431	58,770	40,507
Minority interest	708,059	513,338	--	--
NET ASSETS AVAILABLE TO PAY BENEFITS	2,141,274	1,866,312	2,141,274	1,866,312

The consolidated entity comprises Pool B and its subsidiary, the Energy Investment Fund. The Pool B scheme is fully funded.

SCHEME ACTIVITIES

The *Superannuation Administration Act 1996* provided for the establishment of two entities for the administration of NSW Energy Industries employees superannuation:

- Energy Industries Superannuation Scheme (EISS) - Pool A and Pool B
- Energy Industries Superannuation Scheme Pty Limited - the Trustee of the Energy Industries Superannuation Schemes.

There are two distinct superannuation plans - EISS Pool A and EISS Pool B. Separate financial reports are prepared for each pool.

EISS Pool A is an accumulation plan comprising:

- Division A (accumulation scheme) - former members of the First State Superannuation Scheme
- Division E (executive scheme) - former members of the Public Sector Executives Superannuation Scheme
- Division F - allocated pensions and rollover plans
- Division N (Electrical Contractors Division) - established for employers in the electrical contracting industry.

EISS Pool B is a defined benefit scheme and comprises:

- Division B (retirement scheme) - former members of the State Authorities Superannuation Scheme
- Division C (basic benefit scheme) - former members of the State Authorities Non-contributory Superannuation Scheme
- Division D (defined benefit scheme) - former members of the State Superannuation Scheme.

Futureplus Financial Services Pty Limited (Futureplus) provides executive, managerial and administrative service to EISS and its Trustee. Mercer (formerly Mellon) provided administrative services to EISS until September 2005. From September 2005, Futureplus has 'in-sourced' the administration of the Funds. The custodial service for the Energy Investment Fund and EISS is provided by JP Morgan Chase Bank. Funds management is provided by a number of discrete managers and pooled trusts.

For further information, refer to www.eisuper.com.au.

Liability Management Ministerial Corporation

AUDIT OPINION

The audit of the Corporation's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

KEY ISSUES

Transfer of Funds to the Crown Finance Entity

To utilise Pre 1 July 1988 Funding Credits, the Corporation paid \$7.2 billion to the Crown Entity which then transferred this amount to the SAS Trustee Corporation Pooled Fund to fund the Crown Entity's superannuation liabilities. This contributed to reducing the unfunded superannuation liability of the Crown Entity from \$22.9 billion to \$14.4 billion.

FINANCIAL INFORMATION

Abridged Income Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Contributions from the Crown Entity	180,651	2,420,430
Interest	270,222	258,949
Other	13	--
TOTAL REVENUE	450,886	2,679,379
TOTAL EXPENSES	7,179,499	4,862
(DEFICIT)/SURPLUS	(6,728,613)	2,674,517

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Current assets	--	1,507,378
Non-current assets	--	5,221,684
TOTAL ASSETS	--	6,729,062
TOTAL LIABILITIES	--	449
NET ASSETS	--	6,728,613

NSW Treasury advised the Corporation will remain in place to assist in the future management of the State's assets and liabilities.

CORPORATION'S ACTIVITIES

The Liability Management Fund and the Corporation were established in July 2002 by the *General Government Liability Management Fund Act 2002*. The Secretary of Treasury manages the Corporation in accordance with any directions from the Treasurer.

A Management Committee advises the Secretary on managing the Fund, including its investment strategy and appointment of service providers. TCorp was appointed as manager of the fixed interest portfolio from 13 October 2003. It acts as an agent of the Corporation in accordance with the terms and conditions of the Memorandum of Understanding.

The *Fiscal Responsibility Act 2005* requires that Total State Sector unfunded superannuation liabilities be eliminated by 30 June 2030. The Government forecasts that general government sector net unfunded superannuation liabilities should peak in 2013 and be eliminated by 2029-30.

NSW Self Insurance Corporation

AUDIT OPINION

The audit of the Corporation's financial report for the year ended 30 June 2007 resulted in a qualified Independent Auditor's Report. A separate qualified Independent Auditor's Report was also issued for the Treasury Managed Fund, which is the major activity of the Corporation.

We issued qualified opinions because the Corporation applied Accounting Standard AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' to its general insurance contracts instead of Accounting Standard AASB 1023 'General Insurance Contracts'. AASB 1023 is applicable to the Corporation's insurance operations because it is an insurer. The Corporation chose to apply the same accounting policies as used for the Total State Sector Accounts. It considered that confusion for readers of the Corporation's and Total State Sector Accounts financial reports would occur if different accounting policies were applied. Had the Corporation applied AASB 1023, its liabilities would have increased by a material amount and net assets decreased by the same amount. The Corporation would have also made additional disclosures about its general insurance contracts.

If the Corporation had adopted AASB 1023 there would have been no impact on the Total State Sector Accounts as the differences in accounting standards would have been eliminated on consolidation.

KEY ISSUES

Claim Liabilities Understated

We recommend that the Corporation consider using a discount rate that meets the requirements of AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' to discount its gross liabilities.

Claim liabilities were understated by \$128 million (\$208 million in 2005-06) because an inappropriate rate was used for discounting gross liabilities to their present value. The Corporation used an investment rate to discount these liabilities. We do not believe a discount rate based on the expected rate of return on investments meets the requirements of Australian Accounting Standard AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'.

The Corporation maintains that the discount rate adopted meets the requirements of AASB 137. The standard does not state that a risk-free rate must be used. The Corporation's independent actuaries, PricewaterhouseCoopers, stated in their professional report that 'the discount rate adopted is consistent with this standard'.

A qualification in the audit opinion was not required for this matter as the financial impact was not considered material from an audit perspective.

Performance Information

We recommend that the Corporation develop, maintain and publish performance indicators on the efficiency of its claims management.

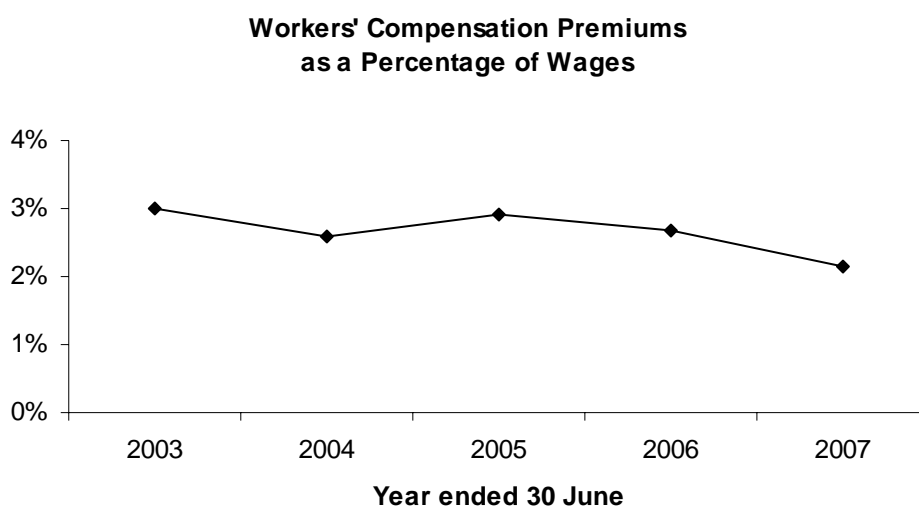
The Corporation's Annual Report includes performance information relating to the cost of premiums for different types of coverage. We believe the Corporation should also consider performance information with respect to the efficiency of its claims management.

From 1 July 2005, the Corporation has used three different service providers for the delivery of claims management services. Previously, only one service provider managed claims. The Corporation advised the main reasons for moving to a multi-provider model were to protect insurance operations against the inherent risks of a single provider and ensure the highest level of performance is achieved.

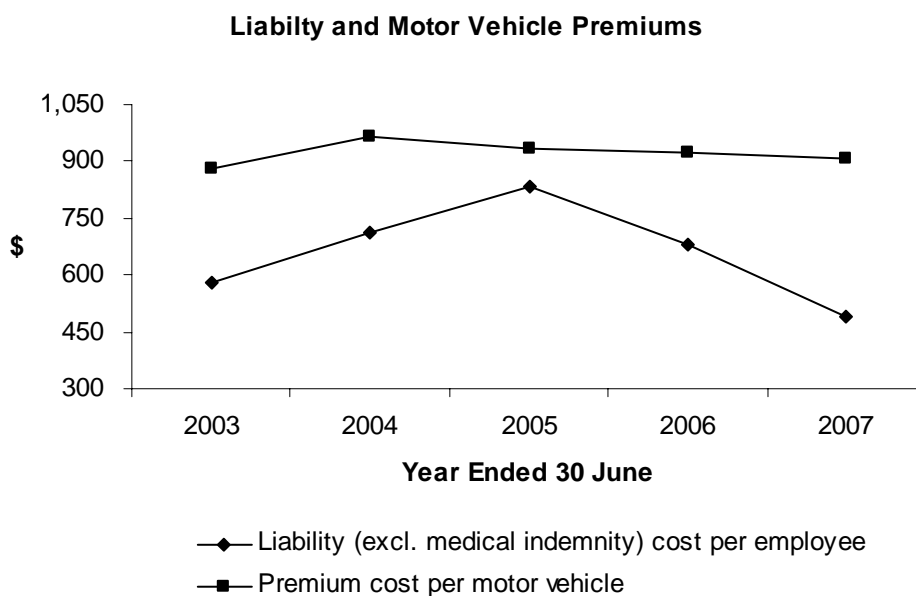
We understand that management will develop performance measures relating to claims management during 2007-08.

PERFORMANCE INFORMATION

The Corporation included the following premium performance indicators in its 2006-07 Annual Report.



Workers' Compensation premiums have fallen from three per cent of wages in 2002-03 to 2.1 per cent of wages in 2006-07. The Corporation has forecast premiums to remain at this level in 2007-08.



The Corporation advised the cost of liability policies has decreased over the past two years due to Tort law reforms introduced in 2002.

OTHER INFORMATION

Delays in Financial Incentives

The Corporation uses hindsight premium adjustments to motivate agencies to adopt best practice in risk management. Changes in legislation have complicated calculation methods resulting in delayed adjustments. However, in recent years, hindsight payments have been made on an annual basis. The Corporation has advised us that it is still reviewing the basis of calculation.

FINANCIAL INFORMATION

The financial results of the insurance funds that comprise the Corporation - the Treasury Managed Fund, the Transport Accidents Compensation Fund and the Governmental Workers Compensation Account - are aggregated for reporting.

Abridged Income Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Premium revenue	820,103	956,318
Investment Income	555,046	604,173
Other	51,744	37,577
TOTAL REVENUE	1,426,893	1,598,068
Claim expense	521,196	664,027
Outward reinsurance	29,944	26,549
Payments to the NSW Government	910,000	1,019,311
Other	35,956	62,712
TOTAL EXPENSES	1,497,096	1,772,599
DEFICIT	70,203	174,531

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Cash and investments	4,975,547	5,256,120
Other	311,087	266,258
TOTAL ASSETS	5,286,634	5,522,378
Claims liabilities	4,306,349	4,476,062
Other	131,737	127,565
TOTAL LIABILITIES	4,438,086	4,603,627
NET ASSETS	848,548	918,751

Premium revenue (including premium hindsight adjustments) decreased by 16.6 per cent from \$956 million to \$820 million. This was primarily due to the following:

- a reduction in the number of reported Workers Compensation claims
- a reduction in the estimated number of ultimate specific injury claims in line with experience to date
- a reduction in workers compensation legal payments
- improvements in liability claims experience, largely as a result of reforms which have reduced claim numbers and average claim sizes.

The investment return on financial assets was 9.5 per cent in 2006-07, compared to 10.9 per cent in 2005-06. This contributed to a \$49.1 million decrease in investment revenue from the prior year.

The Corporation paid \$910 million to the Crown Entity (\$1.0 billion) in accordance with its 'Net Asset Holding Level Policy'. This policy was implemented to ensure the Fund does not accumulate excessive Net Assets. The Corporation intends to pay a further \$200 million to the Crown Entity in 2007-08. This is conditional on continuing favourable investment returns and insurance claims experience.

Claims liabilities decreased by \$170 million in 2006-07 primarily due to revised actuarial assumptions as a result of better than expected claims experience and improvements in agencies' Occupational Health and Safety performance.

CORPORATION ACTIVITIES

The New South Wales Self Insurance Corporation is managed by NSW Treasury. The Corporation administers the assets and outstanding claims liabilities of insurance funds formerly managed by the Government Insurance Office.

The Corporation's insurance funds include:

Treasury Managed Fund

The Treasury Managed Fund is, at the whole-of-government level, a self-insurance scheme, comprising all General Government Sector budget dependent agencies, public hospitals and some General Government Sector non-budget dependent agencies. The TMF provides unlimited cover in respect of five classes of insurable risks worldwide. These are workers' compensation as per New South Wales statute, all liability (including but not limited to public liability, products liability, professional indemnity, directors/officers liability and medical malpractice), property, comprehensive motor vehicle and miscellaneous (notably personal accident and protection for overseas travellers). The premium-based structure incorporates hindsight adjustments to workers' compensation and motor vehicle premiums.

As at 30 June 2007, the Fund provided services to 126 agencies. Membership is mandatory for budget dependent agencies and is available at the Treasurer's discretion for non-budget dependent agencies.

Transport Accidents Compensation Fund

This Fund pays the costs of motor transport accident claims under the common law system, which operated until 30 June 1987, and the succeeding TransCover system, which operated until 30 June 1989.

Governmental Workers Compensation Account

The Account pays workers' compensation claims incurred before 1 July 1989. Since that date, workers' compensation claims are covered through the Treasury Managed Fund.

SAS Trustee Corporation - Pooled Fund

AUDIT OPINION

The audits of the financial reports of the Fund, its controlled entities and its trustee for the year ended 30 June 2007 resulted in unqualified Independent Auditor's Reports.

KEY ISSUES

Unfunded Liabilities

Unfunded liabilities (the difference between net assets held by the Fund and accrued superannuation benefits) decreased from \$10.9 billion at 30 June 2006 to \$9.8 billion at 30 June 2007. The 30 June 2006 balance of \$10.9 billion was after taking account of funds held in the Liability Management Ministerial Corporation (LMMC).

During the year, funds held in the LMMC totalling \$7.2 billion were transferred to the Pooled Fund. The balance now held in the LMMC at 30 June 2007 was \$nil (\$6.7 billion at 30 June 2006).

The Crown Entity and other contributing employers are responsible for meeting the unfunded liability. Contributions by members are generally fixed in terms of their salary and age.

Year ended 30 June	2004	2005	2006	2007
Superannuation unfunded liabilities				
Accrued benefits (\$m)	41,569	44,066	45,770	48,426
Net assets available to pay benefits (\$m)	24,215	25,901	28,578	38,587
Percentage unfunded	41.7	41.2	37.6	20.3
Net assets including funds in LMMC (\$m)	27,101	29,956	34,849	38,587
Percentage unfunded	34.8	32.0	23.9	20.3

Unfunded liabilities as a percentage of the total accrued benefits continue to decrease primarily as a result of favourable investment returns.

Actuarial Review

The Fund's legislation requires an actuarial review of the Fund every three years. A review of the Fund at 30 June 2006 was completed during the year.

The 2006 actuarial review estimated that unfunded liabilities at 30 June 2007 would be \$10.9 billion. The actual unfunded liabilities at 30 June 2007 were \$9.8 billion. In hindsight, this was a reasonable outcome of the actuarial review estimate for 30 June 2007.

The Audit Office engaged the Commonwealth Government Actuary to independently assess the 30 June 2006 triennial review carried out by the scheme actuary. The Actuary concluded that the economic assumptions used by the scheme actuary were reasonable.

It is important to recognise that there may be significant differences between an actuarially projected amount and the actual outcome. Actuarial estimates involve many assumptions and judgements, such as future investment earnings, and an acceptable range will exist within which the specific assumption may fall. The real assessment of what assumption was correct can only be carried out in hindsight. Actual investment earnings, increases in pensions and member salaries, and the flow of employer contributions all impact the actual unfunded liability.

Scheme Funding

In 2006-07, contributions exceeded benefit payments resulting in a net cash inflow of \$5.1 billion (\$1.7 billion cash outflow in 2005-06) due to the transfer of \$7.2 billion from the LMMC.

A long-term target of the *Fiscal Responsibility Act 2005* is to eliminate Total State Sector unfunded superannuation liabilities by 30 June 2030. The 2007-08 Budget Papers stated that planned employer cash contributions are currently set at a level where general government sector net unfunded superannuation liabilities should peak in 2013 and will be fully funded by 2030. By 2030 therefore, the assets of the fund, plus future expected investment returns, should ensure that no further Crown employer contributions will be required to fund scheme benefit payments.

Hurt on Duty Benefit Payments

In the Police Superannuation Scheme (PSS), a high proportion of members retire 'hurt on duty' (a type of invalidity retirement benefit) which results in higher than normal ongoing pension liabilities due to the more generous retirement benefits. In 2006-07, 278 PSS members (78 per cent of total exits) retired 'hurt on duty' (78 per cent). In the State Superannuation Scheme (SSS), 350 members (16 per cent of total exits) received an invalidity retirement benefit (17 per cent). It is important to note that the nature of employment of PSS members is significantly more dangerous than SSS members. However, the trend of PSS members 'hurt on duty' retirement benefits has been rising in recent times.

The trustee has undertaken a two year review of its administrative procedures to require more stringent and consistent assessment of all 'hurt on duty' applications within the constraints of the governing legislation.

Superannuation Simplification

The Commonwealth Government introduced significant changes to the superannuation system, effective from 1 July 2007. The key outcomes are an increase in the rate of superannuation accumulation generally and the range of options for people over age 60 in particular. Superannuation benefits paid from a taxed source either as a lump sum or as an income stream such as a pension, are tax free for people aged 60 and over.

The changes have created significant challenges for trustees including the need to ensure administration systems supporting the funds have been properly reconfigured and updated to give effect to the new rules from 1 July 2007.

The main changes affecting the Pooled fund scheme were:

- income tax free superannuation benefits
- new limits for concessional and non-concessional contributions.

The scheme administrator has modified its system and procedures to implement the new regime from 1 July 2007. The trustees advised scheme members of the effects of the changes in late June 2007.

PERFORMANCE INFORMATION

Investment Returns

Most benefits are a function of the member's salary and years of membership, not the Fund's performance. The Crown Entity and other contributing employers carry most of the risks and benefits of the Fund's performance. The State Authorities Superannuation Scheme (SASS), however also has a member-funded accumulation component.

From November 2003, members of SASS were given the option of choosing an investment strategy for their member contributions. Investments in all other schemes are held in a growth strategy. At 30 June 2007, 99.6 per cent of total assets were held in the growth strategy.

The Fund's investment objective for the growth strategy is to achieve investment returns over a ten year period in excess of the consumer price index by a margin of 4.5 per cent per annum. The Fund achieved 8.6 per cent return per annum in the ten years to 30 June 2007 (8.8 per cent), compared to the long-term target of 7.2 per cent.

The Fund's short term performance is monitored by comparing its returns to the median growth manager. In 2006-07, the return was 15.1 per cent (16.1 per cent) which was slightly lower than the 15.4 per cent return generated by the median growth manager.

The Fund's annual investment returns over each of the last five years were:

Year ended 30 June	2003	2004	2005	2006	2007
Pooled fund (%)	(1.7)	13.5	13.0	16.1	15.1
Median manager (%) (a)	(0.5)	13.9	13.2	14.9	15.4
Pooled fund quartile rank (1 is top quartile)	2	3	3	1	3

(a) Median manager in the Intech survey of growth managers.
Source: SAS Trustee Corporation (STC).

Administration and Investment Costs

Year ended 30 June	2003	2004	2005	2006	2007
Investment fees (\$'000)	47,800	65,900	59,400	60,100	81,000
Administration costs (\$'000)(a)	36,200	36,500	34,800	33,700	32,600
Administration cost as a % of FUM (b)	0.17	0.15	0.14	0.12	0.10
Direct investment fees as a % of FUM (b)	0.22	0.29	0.24	0.22	0.24

(a) Includes Trustee and administration costs.
(b) FUM is average Funds under Management during the year.

Whilst administration costs continue to decrease, it is a challenge for the Trustees to control administration costs when measured on a per member basis because the schemes are closed and membership numbers are declining.

Employers meet the majority of the administration costs of the various schemes. A significant number of members in the various schemes that make up the Fund do not pay administration fees, as it is not a requirement of the relevant scheme Act.

OTHER INFORMATION

We identified other opportunities for improvement to accounting and internal control procedures and have reported them to management.

FINANCIAL INFORMATION

Abridged Statement of Changes in Net Assets

Year ended 30 June	2007 \$m	2006 \$m
NET ASSETS AVAILABLE TO PAY BENEFITS AT BEGINNING OF FINANCIAL YEAR	28,578.1	25,899.9
Investment revenue	1,553.4	1,125.3
Changes in net market values	3,387.4	3,246.2
Total investment revenue	4,940.8	4,371.5
Investment expenses	(81.0)	(60.1)
TOTAL INVESTMENT REVENUE	4,859.8	4,311.4
Employer contributions	7,437.5	273.7
Member contributions	515.9	507.2
TOTAL CONTRIBUTION REVENUE	7,953.4	780.9
Other revenue	6.0	3.8
Transfers	0.4	(0.4)
TOTAL REVENUE	12,819.6	5,095.7
Benefits paid	(2,758.9)	(2,457.8)
Scheme administration and other expenses	(33.5)	(34.4)
Superannuation contributions surcharge	9.3	(12.9)
TOTAL SCHEME EXPENDITURE	(2,783.1)	(2,505.1)
Increase in net assets before income tax	10,036.5	2,590.6
Income tax benefit	(27.6)	87.6
INCREASE IN NET ASSETS AFTER INCOME TAX	10,008.9	2,678.2
NET ASSETS AVAILABLE TO PAY BENEFITS AT END OF FINANCIAL YEAR	38,587.0	28,578.1

The significant improvement in the performance of the Fund was due to the transfer of \$7.2 billion contribution from the LMMC and improved returns from investment markets, particularly in Australian equities.

Abridged Statement of Net Assets

At 30 June	2007 \$m	2006 \$m
Short term securities	4,699.5	1,271.9
Australian fixed interest	3,038.3	2,996.7
International fixed interest	2,409.6	1,413.2
Australian equities	13,042.5	11,148.0
International equities	9,334.7	7,923.3
Property	3,397.1	2,524.8
Alternatives	3,016.7	1,421.2
TOTAL INVESTMENTS	38,938.4	28,699.4
Receivables and cash	264.4	293.7
Plant and equipment	0.2	0.1
Current tax asset	61.3	120.4
TOTAL OTHER ASSETS	325.9	414.2
TOTAL ASSETS	39,264.3	29,113.6
Reserve units	4.6	4.6
Payables	342.9	328.3
Deferred tax liability	329.8	202.6
TOTAL LIABILITIES	677.3	535.5
NET ASSETS AVAILABLE TO PAY BENEFITS	38,587.0	28,578.1

FUND ACTIVITIES

The Pooled Fund reporting entity consists of the following schemes:

- State Authorities Superannuation Scheme (SASS)
- State Authorities Non-Contributory Superannuation Scheme (SANCS)
- State Superannuation Scheme (SSS)
- Police Superannuation Scheme (PSS).

The schemes are closed to new members. All schemes are combined and invested through one fund, the Pooled Fund. This Fund is the entity for financial reporting and taxation purposes of the four schemes. All schemes are defined benefit plans, although SASS also has a member funded accumulation component. The Australian Prudential Regulation Authority does not regulate the Pooled Fund because it is an exempt public sector superannuation scheme.

The number of members in the various schemes is falling because:

- the schemes are closed to new members
- members with crystallised benefits are able to transfer to other funds.

The SAS Trustee Corporation (STC) is the trustee of the Pooled Fund, under the *Superannuation Administration Act 1996*. STC holds in trust all assets of the Fund.

The Superannuation Administration Corporation (SAC), trading as Pillar Administration, provides scheme administration services to the Fund. JP Morgan Investor Services performs custodial activities. A number of investment fund managers provide funds management services for the Pooled Fund. The Trustee executive monitors each manager to ensure compliance with investment mandates and satisfactory investment performance.

Comment on STC financial operations is included below. Comments on SAC are included elsewhere in this report.

For further information on the Fund, refer to www.statesuper.nsw.gov.au.

CONTROLLED ENTITIES

The following controlled entities have not been reported separately on as they are not considered material by their size or the nature of their operations to the consolidated entity.

Entity Name	Website
Buroba Pty Limited	
Valley Commerce Pty Limited	
Duquesne Utilities Pty Ltd	

Comment on State Super Financial Services Australia Limited is included elsewhere in this Report.

TRUSTEE

SAS Trustee Corporation

The Corporation acts as trustee and holds in trust all assets of the Pooled Fund.

The Corporation was established as a statutory body on 1 July 1996 under the *Superannuation Administration Act 1996*. It is subject to the direction of the Treasurer.

Year ended 30 June	Consolidated		Corporation	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Revenue	33,595	34,025	32,939	34,025
Trustee expenses	624	590	624	590
Executive expenses	2,501	2,554	1,845	1,992
Fees for services	2,328	2,594	2,328	2,617
Other expenses	488	186	488	310
Scheme administration expenses	27,654	28,101	27,654	28,516
Net assets (at 30 June)	--		--	--

The Corporation recovers all of its expenses from the Fund, in accordance with the *Superannuation Administration Act 1996*.

CONTROLLED ENTITY

The following controlled entity has not been reported separately on as it is not considered material by its size or the nature of its operations to the consolidated entity.

Entity Name	Website
SAS Trustee Corporation Division	

State Super Financial Services Australia Limited

AUDIT OPINION

The audits of the Company and its two retail investment products' financial reports for the year ended 30 June 2007 resulted in unqualified Independent Auditor's Reports. The two retail investment products are:

- State Super Retirement Fund (SSRF) - including State Super Personal Retirement Plan (SSPRP) and State Super Allocated Pension Fund (SSAPF) and State Super Term Allocation Pension Fund (SSTAPF)
- State Super Investment Fund (SSIF).

PERFORMANCE INFORMATION

Investment Performance of the Retail Investment Products

Four investment choices are available to address different risk profiles. These are:

- growth fund
- balanced fund
- capital stable fund
- cash fund.

The performance of each of the Company's retail investment products is set out on the following tables.

State Super Personal Retirement Plan Investment Choice	Product Performance % per annum		
	1 Year	3 Year	5 Year
Growth fund	16.3	14.3	9.6
Balanced fund	13.1	11.6	8.5
Capital stable fund	6.9	6.7	5.8
Cash fund	4.6	4.1	3.6

Source: State Super Financial Services Australia Limited.

State Super Allocated Pension Fund Investment Choice	Product Performance % per annum		
	1 Year	3 Year	5 Year
Growth fund	17.2	15.8	11.2
Balanced fund	13.9	13.0	9.9
Capital stable fund	7.7	7.8	6.8
Cash fund	5.4	4.9	4.6

Source: State Super Financial Services Australia Limited.

State Super Term Allocation Pension Fund Investment Choice	Product Performance % per annum		
	1 Year	3 Year	5 Year
Growth fund	17.2	*	*
Balanced fund	13.9	*	*
Capital stable fund	7.7	*	*
Cash fund	5.4	*	*

Source: State Super Financial Services Australia Limited.

* Fund commenced on 20 December 2004.

State Super Investment Fund Investment Choice	Product Performance % per annum		
	1 Year	3 Year	5 Year
Growth fund	16.8	15.3	10.6
Balanced fund	13.6	12.6	9.6
Capital stable fund	7.5	7.6	6.6
Cash fund	5.4	4.9	4.6

Source: State Super Financial Services Australia Limited.

Fees Charged

The fees for the Company's retail investment products, which include both financial planning and ongoing advice and funds management services, are as follows:

Financial Product	Ongoing Fee Measures (%) (a)			
	Cash	Capital Stable	Balanced	Growth
Retirement fund	0.99	1.35	1.50	1.60
Investment fund	0.99	1.35	1.50	1.60

(a) (i) The Ongoing Fee Measure (OGFM) is an industry standard used by members of the Investment and Financial Services Association, in relation to funds management services only. It includes all the ongoing costs for managed investments but excludes the cost impact of any entry, exit or switching fees charged to investors.

(ii) The Company's OGFM includes fees charged for the provision of financial planning services, and the Company does not charge an entry, exit or switching fees to investors.

OTHER INFORMATION

We identified some minor opportunities for the Company to improve its internal control procedures and reported them to the management.

FINANCIAL INFORMATION

Abridged Operating Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Income	84,660	75,710
Expenses	44,446	44,762
Profit before income tax	40,214	30,408
Income tax expense	12,224	9,960
Profit after income tax	27,990	20,448

Income of the Company consists of fees from management of the retail investment products and interest. Income increased due to improved returns from investment markets and increased funds under advice.

Expenses included staff expenses of \$31.1 million (\$29.9 million in 2005-06), administration expenses of \$11.5 million (\$13.2 million), depreciation and amortisation of \$1.8 million (\$1.7 million).

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Current assets	54,074	42,724
Non-current assets	9,393	9,110
TOTAL ASSETS	63,467	51,834
Current liabilities	29,869	24,108
Non-current liabilities	779	1,924
TOTAL LIABILITIES	30,648	26,032
NET ASSETS	32,819	25,802

The Company's funds under management increased by 23 per cent to \$7.5 billion at 30 June 2007. The Company contracts the investment management of these funds to external investment managers.

COMPANY ACTIVITIES

The Company was established by the SAS Trustee Corporation and is 77.8 per cent owned (at 31 October 2007) by the SAS Trustee Corporation - Pooled Fund. It provides past and present New South Wales and Commonwealth public sector employees and their family members with financial planning and funds management services. We comment on the Corporation and the Pooled Fund elsewhere in this report.

The Company acts as the Responsible Entity for the SSIF, and as 'Registrable Superannuation Entities' (RSE) Licensee for the SSRF.

For further information on the Company, see www.ssfs.com.au.

The Crown Entity

AUDIT OPINION

The audit of the Crown Entity's financial report for the year ended 30 June 2007 resulted in a qualified Independent Auditor's Report. We were unable to obtain all the information we required to form an opinion on the value of Crown Reserves that should be recognised as land in the financial report. Our audit report for the year ended 30 June 2006 referred to the same matter.

There are approximately 33,000 Crown Reserves in New South Wales. A project is in progress to identify and value Crown reserves that are 'controlled' by the New South Wales Government, and therefore should be recognised in the Crown Entity's financial report.

Based on the preliminary assessment, it is currently estimated that the total value of reserves controlled by the New South Wales Government, but not currently recognised in the Crown Entity's financial report, is between \$1.0 billion and \$7.0 billion. However, the total value may even be outside of this range, depending on the current valuation of the controlled assets. The Crown Entity will recognise the value of Crown Reserves it controls in future Crown Entity financial reports once this project is complete and the value can be reliably estimated.

NSW Treasury has confirmed work has commenced on the project, with the Department of Lands advising that over 12,000 parcels of Crown land have been recorded in the Lands Integrated Titling System. A further 4,000 cases have been referred to Crown Lands Division for investigation. Funding negotiations between the Department and Treasury have been completed and the Department is currently recruiting additional project staff.

PERFORMANCE INFORMATION

For key performance indicators on taxation and real estate operations, refer elsewhere in this Volume for discussion on the Treasury and the Crown Property Portfolio.

OTHER INFORMATION

Crown Property Portfolio

On 1 July 2007, all assets and liabilities of the Crown Property Portfolio were transferred to the State Property Authority under provisions of the *State Property Authority Act 2006*. The Portfolio ceased to operate from that date.

FINANCIAL INFORMATION

Abridged Income Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Long service leave	392,811	399,139
Superannuation gains	(1,694,822)	(2,059,528)
Other expenses	3,792,366	2,544,609
Recurrent appropriations	34,125,462	32,391,869
Capital appropriations	3,082,424	2,695,648
TOTAL EXPENSES	39,698,241	35,971,737
 TOTAL REVENUE	 41,467,042	 39,768,612
 SURPLUS	 1,768,801	 3,796,875

Superannuation gains were \$365 million less than last year. AASB 119 Employee Benefits requires the Crown's defined benefit superannuation obligations to be discounted using the Commonwealth bond rate at each reporting date. Because the bond rate changes, and the amounts involved are large, the Crown has significant volatility in its results. In 2005-06, the bond rate moved from 5.2 per cent to 5.9 per cent, contributing to superannuation gains of \$2.1 billion. In 2006-07, the bond rate moved to 6.4 per cent, contributing to superannuation gains of \$1.7 billion.

Other expenses increased by \$1.2 billion primarily due to a one-off grant of \$960 million made to the Transport Infrastructure Development Corporation to enable the repayment of a large portion of its debt.

Recurrent appropriations increased by \$1.7 billion primarily due to increased payments of \$575 million on health, \$375 million on arts, sport and recreation, \$292 million on education, \$166 million on aging and disability and \$142 million on transport.

The majority of the increase in revenue from the prior year related to \$1.1 billion from stamp duty, \$555 million from payroll tax and \$314 million from land tax. Revenue from transfer duties also includes a one-off assessment of \$424 million that is subject to objection.

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Current assets	4,028,476	5,130,201
Non-current assets	13,570,600	18,661,511
TOTAL ASSETS	17,599,076	23,791,712
Current liabilities	10,502,958	8,014,149
Non-current liabilities	27,013,785	37,436,103
TOTAL LIABILITIES	37,516,743	45,450,252
 NET LIABILITIES	 19,917,667	 21,658,540

The decrease in total assets was primarily due to the realisation of \$7.2 billion of the Liability Management Ministerial Corporation's financial assets to allow the Crown Entity to make superannuation contributions to the STC Pooled Fund.

The significant reduction in liabilities is primarily due to movements in the Crown Entity's unfunded superannuation position. In 2006-07, the superannuation liability decreased as a result of an increase in the discount rate, higher investment returns on fund assets and the \$7.2 million contribution.

CROWN ENTITY ACTIVITIES

The Crown Entity conducts both core government and commercial activities. It reports on those service-wide assets and liabilities that are the overall responsibility of government, rather than individual government departments or statutory authorities.

Core government activities include:

- Consolidated Fund - activities include collecting State taxes, Commonwealth grants, financial distributions from non-budget dependent agencies, and paying recurrent and capital appropriations to budget dependent agencies
- Crown Finance Entity - administers the Service-wide programs funded from the Consolidated Fund. The main activities are:
 - servicing the Crown Entity's debt portfolio
 - providing asset/liability management
 - providing structured finance activities
 - administering superannuation and long service leave liabilities for budget dependent agencies
 - providing loans, grants and subsidies to public sector bodies.

Commercial activities comprise:

- Crown Property Portfolio - administers the Crown's property comprising multiple occupancy buildings for sublease to public sector agencies, heritage properties and industrial sites
- Crown Lands Home Sites Program - develops and sells Crown Land for home sites in urban areas
- Land Development Working Account - develops and sells Crown land for residential and commercial purposes in country New South Wales
- NSW Self Insurance Corporation - administers the assets and outstanding claims liabilities of insurance funds formerly managed by the Government Insurance Office
- Electricity Tariff Equalisation Ministerial Corporation - administers the Electricity Tariff Equalisation Fund. The Corporation's purpose is to maintain the ability of retail electricity suppliers to supply electricity at regulated retail tariffs
- Liability Management Ministerial Corporation - administers the General Government Liability Management Fund. The Corporation's purpose is to hold contributions from the Crown Entity, invest this money and pay employer contributions into the State's defined superannuation funds.

Treasury

AUDIT OPINION

The audit of Treasury's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

KEY ISSUES

Fines Enforcement System

During 2005 the Hamish Project was evaluated against the stated project deliverables and work halted while the review was conducted. The project recommenced and is now referred to as the Fine Enforcement System (FES) project. On recommencing the project the Office of State Revenue (OSR) engaged the Judicial Commission of New South Wales to complete the work using its case management system as the foundation building blocks for FES. As a consequence a loss of \$1.9 million was recognised by OSR during 2006-07 to ensure that the capitalised value of FES did not exceed its fair value.

The FES project had an original target completion date of June 2006. The completion date has been revised a number of times and was expected to be late December 2007. OSR has advised this date is unlikely to be met and the delivery date of the system is currently under review to ensure that business requirements are adequately met.

While OSR and the Commission entered into a fixed price contract for development works, the agreement did not specify remedies for milestones not met in accordance with agreed timeframes. Management has determined that all future contracts will contain necessary provisions.

Electronic Duties Returns (EDR)

Last year we reported OSR was reviewing the adequacy of its appointment and oversight arrangements for duty transactions processed through third parties (service providers). This review was completed and legal agreements with the service providers are now in place.

PERFORMANCE INFORMATION

Key Performance Indicators for OSR

OSR uses a number of key performance indicators (KPI) to measure its effectiveness and efficiency at collecting taxes, fees and fines for the Government, including:

Key Performance Indicators	Actual					Target
	2003	2004	2005	2006	2007	2007
Revenue collected as a percentage of budget (%)	109.0	106.0	98.0	98.0	107.0	≥98.0
Cost to collect \$100 of tax revenue (\$)	0.58	0.61	0.67	0.68	0.63	≤0.66
Cost to collect \$100 of fine revenue (\$)*	15.24	14.66	11.03	10.89	11.55	≤11.34
Total overdue tax debt as a percentage of total revenue (%)	na	0.92	1.03	1.03	1.05	≤1.00
Client service index (%)	na	na	na	na	88	≥90

Source: OSR.

na: not available.

* In 2003 and 2004 the KPI related to the cost to collect \$100 of fine enforcement revenue. In 2005 the KPI was amended to cover both enforcement and infringement revenue.

Revenue collected as a percentage of budget was trending down until 2007. This year, revenue exceeded budget by seven per cent. The strongest results continue to be from payroll tax and duties collections which contribute approximately 74 per cent (74 per cent in 2005-06) of total revenue.

ADMINISTERED ACTIVITIES

Treasury recognised taxes, fees and fines from the following sources:

Year ended 30 June	2003 \$m	2004 \$m	2005 \$m	2006 \$m	2007 \$m
Payroll tax	4,756	5,062	5,533	5,912	6,440
Duties	5,225	5,505	4,809	4,830	5,952
Land tax	1,156	1,376	1,677	1,748	2,066
Gaming & racing	905	952	1,060	1,144	1,270
Fines	186	195	267	256	244
Other	611	575	632	675	857
TOTAL	12,839	13,665	13,978	14,565	16,829

State revenue from payroll tax, land tax and gaming and racing has trended upwards over the last five years. Duties revenue was trending down until 2005-06. In 2006-07 duties increased by 24 per cent (one per cent in 2005-06). The 2006-07 duties result includes a one-off taxation assessment of \$424 million. Management advised us the 2006-07 duties increase was also due to higher property prices and increased activity in both commercial and residential property markets.

In Volume Three of the 2007 Report to Parliament, we reported the taxpayer lodged an objection to the \$424 million duty assessment. The Chief Commissioner of State Revenue has yet to determine whether to allow the objection in whole or part, or to disallow the objection.

FINANCIAL INFORMATION

Abridged Operating Statement

Year ended 30 June	2007 \$'000	2006 \$'000
Employee related	110,709	109,394
Grants and subsidies	345,639	302,436
Other expenses	61,051	59,872
TOTAL EXPENSES	517,399	471,702
TOTAL REVENUES	36,840	36,713
NET COST OF SERVICES	480,559	434,989
Government contributions	476,862	439,900
(DEFICIT)/SURPLUS	(3,697)	4,911

Grants and subsidies increased due to more payments under the First Home Owners' Grant Scheme and increases in valuation fees.

Abridged Balance Sheet

At 30 June	2007 \$'000	2006 \$'000
Current assets	34,971	29,954
Non-current assets	44,885	53,914
TOTAL ASSETS	79,856	83,868
Current liabilities	17,092	17,339
Non-current liabilities	261	329
TOTAL LIABILITIES	17,353	17,668
NET ASSETS	62,503	66,200

TREASURY ACTIVITIES

Treasury has two operating arms: the Office of Financial Management (OFM) and the Office of State Revenue (OSR). OFM serves the Treasurer and the Government by providing economic, budgetary and financial advice on the effective management of and accounting for the State's finances.

OSR's major functions are:

- administration and collection of State taxes including duties, payroll tax, land tax and tax equivalents from State Government businesses
- administration and payment of grants under the First Home Owners Grants Scheme and unclaimed money
- processing and enforcement of fines.

For further information on OFM, refer to www.treasury.nsw.gov.au.

For further information on OSR, refer to www.osr.nsw.gov.au.

Section Three

An abstract graphic consisting of several overlapping, curved, light-grey lines that sweep from the left side of the page towards the right, creating a sense of motion and depth.

Performance Auditing

Performance Audit Reports Tabled in Parliament Since Volume Four of 2007

Performance Audits in Progress

This Section provides a summary of Performance Audit Reports presented to Parliament. The full Reports are available on the Audit Office website at www.audit.nsw.gov.au/reports.htm

Performance Audit Reports Tabled in Parliament Since Volume Four of 2007

We have tabled one performance audit report in Parliament since Volume Four 2007 of our New South Wales Auditor-General's Report on financial audits.

Our findings and recommendations for any performance audit reports can be found on our website www.audit.nsw.gov.au/publications/reports/performance/performance_reports.htm.

IMPROVING EFFICIENCY OF IRRIGATION WATER USE ON FARMS DEPARTMENT OF PRIMARY INDUSTRIES

In this audit we reviewed the effectiveness of the Department of Primary Industries (DPI) in assisting farmers to adopt on-farm improvements in irrigation water use.

Key Findings

DPI has developed a number of effective approaches to improve efficiency of water use in irrigation. It has close partnerships with industry research organisations and community bodies to identify opportunities for improving water use practices and technologies. It has attracted investment in research and development projects helping irrigators to adapt to reduced availability of water.

Programs such as WaterWise on the Farm were effective in increasing grower awareness of ways to improve water use efficiency, and in accelerating the adoption of improved irrigation practices and technologies. It also helped reduce stream and ground water salinity and increased community capacity to respond to future challenges of drought and climate change.

But DPI has been unable to fully maintain programs such as WaterWise because Government funding has ceased. And WaterWise produced a mix of benefits: while the environment may have benefited from more efficient use of water, farmers have also benefited through improvements in their productivity.

We have recommended that DPI work closely with the Department of Water and Energy and the Department of Education and Training to ensure that they contribute to the State Plan goals for water use efficiency which they share.

We have also recommended that DPI make its research and development selection principles more transparent to ensure that the projects which are of most benefit to the community are those which receive priority for funding.

Finally we have recommended that DPI improve the way it works with NSW Treasury to ensure the funding it will require to continue to assist and encourage irrigators to adopt improvements in water use efficiency.

The report was tabled in Parliament on 21 November 2007.

Performance Audits in Progress

The planned tabling dates for audits in progress are:

Title	Planned Tabling Date
Police Rostering	5 December 2007
Amalgamating Government Agencies	January 2008
Protecting our Rivers: Follow-up of Performance Audit	1 st quarter of 2008
Ageing Government Workforce - Teachers	1 st quarter of 2008
Office of the Director of Public Prosecutions	1 st quarter of 2008
Preventing Alcohol-Related Incidents through Responsible Service of Alcohol	2 nd quarter of 2008
Waste Reduction and Recycling Efforts in Government Agencies	2 nd quarter of 2008

For up-to-date information on audits in progress, refer to www.audit.nsw.gov.au.

Appendices

Appendix 1
Agencies not reported elsewhere in this Volume

Appendix 2
Financial Reports Not Received by Statutory Date
(as at 14th November 2007)

Appendix 3
Financial Reports Received but Audit Incomplete
by Statutory Date (as at 14th November 2007)

Appendix 4
Qualified Independent Auditor's Reports Issued

Appendix 1 - Agencies not reported elsewhere in this Volume

The following audits resulted in unqualified independent auditor's reports and did not identify any significant issues or risks.

For further financial and other information on these entities we have listed the entities' websites.

Entity Name	Website
Centennial Parklands Foundation	www.cp.nsw.gov.au
CHEC English Language Centre	*
Infrastructure Implementation Corporation	*
Judicial Commission of New South Wales	www.judcom.nsw.gov.au
Legal Profession Admission Board	www.lawlink.nsw.gov.au/lpab
Lord Howe Island Board	*
New South Wales Film and Television Office	www.fto.nsw.gov.au
Office of the Health Care Complaints Commission	*
Office of the Motor Accidents Authority of New South Wales	*
Office of the WorkCover Authority	*
Sesquicentenary of Responsible Government Trust Fund	*
Uniprojects Pty Limited	*
Universities Admissions Centre (NSW and ACT) Pty Limited	www.uac.edu.au

* These entities do not have websites

Appendix 2 - Financial Reports Not Received by Statutory Date (as at 14 November 2007)

Entity Name	Period/Year Ended	Due Date	Date Financial Report Received
Asbestos Diseases Research Foundation Limited	30 June 2007	13 August 2007	22 August 2007
Australian Museum Trust	30 June 2007	13 August 2007	16 August 2007
Election Funding Authority of New South Wales	30 June 2007	13 August 2007	27 August 2007
Game Council of New South Wales and Game Council Division	30 June 2007	13 August 2007	22 August 2007
Department of Water and Energy	30 June 2007	13 August 2007	23 August 2007
Cobar Water Supply Authority	30 June 2007	13 August 2007	13 September 2007
Gosford Water Supply Authority	30 June 2007	13 August 2007	
Health Administration Corporation	30 June 2007	13 August 2007	27 August 2007
Institute of Psychology	30 June 2007	13 August 2007	23 August 2007
Jenolan Caves Reserve Trust	30 June 2007	13 August 2007	Not yet received
Jenolan Caves Reserve Trust Division	30 June 2006	11 August 2006	23 October 2007
Lifetime Care and Support Authority of New South Wales	30 June 2007	13 August 2007	15 August 2007
Motor Accidents Authority of New South Wales	30 June 2007	13 August 2007	15 August 2007
Department of Health	30 June 2007	13 August 2007	27 August 2007
New South Wales Land and Housing Corporation	30 June 2007	13 August 2007	Not yet received
Office of the Motor Accidents Authority of New South Wales	30 June 2007	13 August 2007	15 August 2007
Pacific Power (Subsidiary No 1) Pty Limited	30 June 2007	13 August 2007	Not received yet
Pacific Solar Pty Limited	30 June 2007	13 August 2007	24 August 2007
Rental Housing Assistance Fund	30 June 2007	13 August 2007	14 August 2007
Residual Business Management Corporation	30 June 2006	11 August 2006	2 March 2007
Residual Business Management Corporation	30 June 2007	13 August 2007	Not received yet
Total State Sector Accounts	30 June 2007	15 September 2007	19 September 2007
Waste Recycling and Processing Corporation	30 June 2007	13 August 2007	27 August 2007
Wyong Water Supply Authority	30 June 2007	13 August 2007	21 September 2007

Appendix 3 - Financial Reports Received but Audit Incomplete by Statutory Date (as at 14 November 2007)

The *Public Finance and Audit Act 1983* requires that we issue an audit opinion within ten weeks of receiving an agency's financial report. The Act also states that we cannot issue our opinion until the agency has signed its financial report.

ACN 093 230 374 Pty Limited (formerly TAFE Global Pty Limited)

The audit of the financial report for the year ended 30 June 2007 is incomplete. The company has ceased trading and is in the process of being wound up. The company is experiencing difficulties in locating supporting documentation.

Centennial Park and Moore Park Trust

We received the final signed financial report on 25 October 2007 and we signed the Independent Auditor's Report on the same day.

Clinical Excellence Commission

The audit of the financial report for the year ended 30 June 2007 is now complete. We are awaiting receipt of the signed financial statements.

Cobar Water Board and Cobar Water Board Division

The audits of the financial reports for the year ended 30 June 2007 are nearing completion. Issues with the valuation of assets have resulted in delays to audit completion.

Country Energy

We received the final signed financial report on 10 October 2007 and signed the Independent Auditor's Report on 11 October 2007.

Department of Aboriginal Affairs

We received the final signed financial report on 30 October 2007 and signed the Independent Auditor's Report on 31 October 2007.

Department of Water and Energy

The audit of the financial report for the year ended 30 June 2007 is incomplete. The Department is in the process of preparing a revised version of the financial report.

Department of Environment and Climate Change

The audit of the financial report for the year ended 30 June 2007 is nearing completion. Difficulties associated with a departmental restructure delayed the audit. We expect to issue the opinion soon.

Environmental Protection Authority

The audit of the financial report for the year ended 30 June 2007 is nearing completion. Difficulties associated with a departmental restructure delayed the audit. We expect to issue the opinion soon.

Environmental Trust

The audit of the financial report for the year ended 30 June 2007 is nearing completion. We expect to issue the opinion soon.

Forestry Commission of New South Wales and Forestry Commission Division

The Independent Auditor's Reports were issued on 30 October 2007. The delay in the audits was due to difficulties associated with the valuation of biological assets.

Game Council of New South Wales and Game Council Division

The audits of the financial reports for the year ended 30 June 2007 are nearing completion. We expect to issue the opinions soon.

Greater Southern Area Health Service and Greater Southern Area Health Service Special Purpose Service Entity

The audits of the financial reports for the year ended 30 June 2007 are now complete. We are awaiting receipt of the signed financial reports. The audits were delayed due to incomplete reconciliations and support documentation.

Greater Western Area Health Service and Greater Western Area Health Service Special Purpose Service Entity

The audits of the financial reports for the year ended 30 June 2007 are incomplete. The Service is in the process of preparing a revised version of the financial report. Issues which delayed the audit included the clarification of employee entitlement on-costs and the determination of the interstate patient flow expenses.

Health Administration Corporation

The audit of the financial report for the year ended 30 June 2007 is almost complete. The Corporation is in the process of preparing the final version of the financial report, after adjusting for various errors.

HealthQuest and HealthQuest Division

The audits of the financial reports for the year ended 30 June 2007 are not complete. HealthQuest is preparing a revised version of the financial reports to rectify incorrect recognition of accrued expense.

Home Purchase Assistance Fund

The audit of the financial report for the year ended 30 June 2007 was completed on 13 November 2007. The delay in the audit was caused by issues identified in the valuation of the investment portfolio.

Institute of Psychiatry

The audit of the financial report is now complete. We expect to issue the Independent Auditor's Report soon.

International Livestock Resources and Information Centre Ltd

The audit of the financial report for the year ended 30 June 2007 is nearing completion. Delay has occurred due to ongoing enquiries regarding the going concern basis used in the preparation of the financial report. We expect to issue an opinion soon.

Ingham Health Research Institute

The audit of the financial report for the year ended 30 June 2007 is complete. We are waiting on the receipt of the signed Directors' Report and Directors' Declaration. Relocation of the Institute during the audit period and the late identification and correction of an error caused delays in finalising the audit.

Institute for Magnetic Resonance Research

The audit of the financial report for the eighteen months ended 31 December 2006 is complete. We are waiting on the receipt of the signed Directors' Report and Directors' Declaration before we can issue the Independent Auditor's Report. There were significant delays in advising the Australian Securities and Investments Commission in the change of the date of the financial report and change in auditors.

Independent Pricing and Regulatory Tribunal and Independent Pricing and Regulatory Tribunal Division

The audits of the financial reports for the year ended 30 June 2007 are nearing completion. The audits have been delayed by Audit Office resource issues.

Jenolan Caves Reserve Trust

The audit of the financial report for the year ended 30 June 2006 is nearing completion. Delays have been caused due to the Trust having to obtain new valuations of certain assets. A revised financial report was received on 23 October 2007. We expect to issue the opinion soon.

Justice Health and Justice Health Special Purpose Service Entity

The audits of the financial reports for the year ended 30 June 2007 are now complete. We signed the Independent Auditor's Reports on 31 October 2007.

Lifetime Care and Support Authority

The Independent Auditor's Report was issued on 30 October 2007. The audit was delayed due to issues associated with workpapers supporting the financial report.

Legal Profession Admission Board

The Independent Auditor's Report was issued on 2 November 2007. The audit was delayed by Audit Office Resource Issues and amendments required to the financial report.

Lord Howe Island Board

We received the final signed financial report on 1 November 2007 and signed the Independent Auditor's Report on 5 November 2007.

Motor Accidents Authority of New South Wales and Office of the Motor Accidents Authority of New South Wales

The Independent Auditor's Reports were issued on 1 November 2007. The audits were delayed by issues associated with the Nominal Defendant Fund.

Newcastle International Sports Centre Trust

The audit of the financial report for the year ended 30 June 2007 is nearing completion. We expect to issue the opinion soon.

Newcastle Showground and Exhibition Centre Trust

The audit of the financial report for the year ended 30 June 2007 is nearing completion. We expect to issue the opinion soon.

New South Wales Aboriginal Land Council

The Council signed the financial report on 22 October 2007. We received the signed financial report on 30 October 2007 and signed the Independent Auditor's Report the same day.

NSW Department of Health

The audit of the financial report for the year ended 30 June 2007 is almost complete. The Department is in the process of preparing a revised version of the financial report. Major issues outstanding relate to the treatment of asset sales, recognition of inventory, and treatment of after balance date events.

New South Wales Department of Housing

The audit of the financial report for the year ended 30 June 2007 was completed on 30 October 2007. The delay in the audit was caused by issues identified in the valuation of the housing portfolio.

New South Wales Rural Assistance Authority and Office of the Rural Assistance Authority

The audits of the financial reports for the year ended 30 June 2007 are nearing completion. We expect to issue the opinions soon.

Northern Sydney Central Coast Area Health Service and Northern Sydney Central Coast Area Health Service Special Purpose Service Entity

The audits of the financial reports for the year ended 30 June 2007 are not complete. The Service is amending its financial reports for misstatements identified by the audit. The misstatements relate to items on the bank reconciliation and allocation of revenue and expense in the program statement.

Office of WorkCover Authority

The audit of the financial report for the year ended 30 June 2007 is complete. Our opinion will be issued when we receive the signed financial report which is expected soon.

NSW Ovine Johne's Transaction Based Contribution Scheme

The audit of the financial report for the year ended 30 June 2007 is nearing completion. We expect to issue the opinion soon.

Pacific Solar Pty Limited

The audit of the financial report for the year ended 30 June 2007 is nearing completion. The audit has been delayed by Audit Office resource issues.

Public Trustee NSW

The Independent Auditor's Report was issued on 23 October 2007. The audit was delayed due to issues associated with reporting by the Common Fund administered by the Public Trustee NSW.

Residual Business Management Corporation

The audit of the financial report for the year ended 30 June 2006 is complete. The financial report was not submitted for audit until 2 March 2007 and has required significant amendment. There were also delays in the provision of work papers to support the financial report. Our opinion was issued on 13 November 2007.

Riverina Citrus

The audit was delayed when a business unit was recognised for the first time. We received the final signed financial report on 6 September 2007 and signed the Independent Auditor's Report on 2 October 2007.

Royal Alexandra Hospital for Children and Royal Alexandra Hospital for Children Special Purpose Service Entity

The audits of the financial reports for the year ended 30 June 2007 were completed on 18 October 2007. The delay in the audit was caused by a number of issues including difficulties reconciling the fixed asset register to the general ledger and additional work in finalising our review of charitable fundraising activities.

Rural Lands Protection Boards Division

The audit of the financial report for the year ended 30 June 2007 is yet to commence.

South Eastern Sydney and Illawarra Area Health Service and South Eastern Sydney and Illawarra Area Health Service Special Purpose Service Entity

The Independent Auditor's Report were not issued by the statutory date of the 19 October 2007 but has since been issued. The main cause of the audit delay was the clarification of the treatment of the employee entitlement on-costs.

Sydney West Area Health Service and Sydney West Area Health Service Special Purpose Service Entity

The audits of the financial reports for the year ended 30 June 2007 are not complete. The Service is correcting its financial report for the treatment of Commonwealth grants it recognised as a liability.

WorkCover Authority of New South Wales

The audit of the financial report for the year ended 30 June 2007 is complete. Our opinion will be issued when we receive the signed financial report which is expected soon.

Workers' Compensation Commission

The audit of the financial report for the year ended 30 June 2007 is complete. Our opinion will be issued when we receive the signed financial report which is expected soon.

Workers' Compensation (Dust Diseases) Board

The Independent Auditor's Report was issued on 29 October 2007 after receipt of the signed financial report.

Appendix 4 - Qualified Independent Auditor's Reports Issued

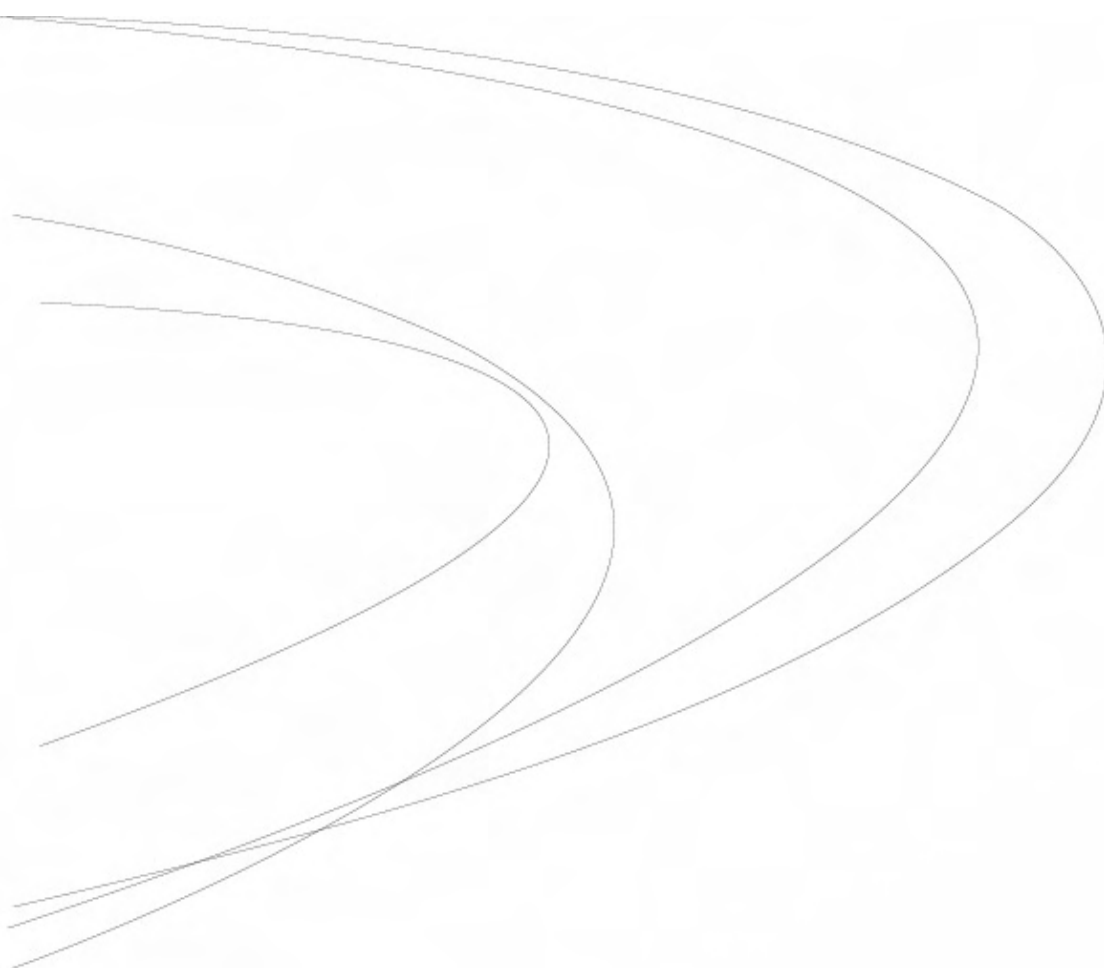
In the last Volume of the Auditor-General's Report to Parliament for each calendar year, we list all qualified opinions issued since the previous year.

From 25 October 2006 to 14 November 2007 the Audit Office issued 36 qualified Independent Auditor's Reports (49 in the preceding period). The decrease mainly arises because we no longer audit the Rural Lands Protection Boards.

Organisation	Financial Statements Period Ended	Reason for Qualification
Australian Education Consulting Limited	31.12.2006	The qualification relates to the prior year and was carried forward to 2006 in respect of the audit of the comparative financial information contained in this year's financial report.
Department of Primary Industries	30.06.2007	Unable to form an opinion on the value of Native Forest timber included within biological assets.
Forestry Commission of New South Wales (Trading as Forests NSW)	30.06.2007	Unable to form an opinion on the value of Native Forests timber included within biological assets.
Illawarra Technology Corporation Ltd	31.12.2006	The Corporation applied an inappropriate measurement basis to its investments. (Volume 2 page 72)
NewSouth Global (Thailand) Limited	31.12.2006	The qualification relates to the prior year and was carried forward to 2006 in respect of the audit of the comparative financial information contained in this year's financial report.
New South Wales Rural Assistance Authority	30.6.2006	Unable to form an opinion on material portions of loan receivables and loan borrowings when calculating the value of its loan portfolio. (Volume 1 page 130)
NSW Self Insurance Corporation	30.06.2007	The Corporation should have applied Accounting Standard AASB 1023 'General Insurance Contracts' to its general insurance contracts rather than applying AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'.
NSW Treasury Managed Fund	30.6.2007	The Fund should have applied Accounting Standard AASB 1023 'General Insurance Contracts' to its general insurance contracts rather than applying AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'.
Riverina Citrus	30.04.2007	There was uncertainty about how the Board calculated levies paid by citrus growers.
Rural Lands Protection Boards (17 Boards' qualified)	31.12.2005	None of the Boards' financial reports included the value of travelling stock reserves and stock watering places they control. Some Boards were also qualified for not recognising depreciation charges on their buildings.
Sydney Water Corporation	30.6. 2007	The Corporation's balance sheet did not recognise assets and liabilities from build-own-operate schemes.
The Crown Entity	30.06.2007	Unable to form an opinion on the value of crown reserves that should be recognised as land until the State finalises a project to identify and value these reserves.

Organisation	Financial Statements Period Ended	Reason for Qualification
Total State Sector Accounts	30.6.2007	Unable to form an opinion on the value of Crown reserves that should be recognised as land until the State finalises a project to identify and value these reserves. (Volume 3 page 3)
University of New South Wales Foundation	31.12.2006	It is impractical for the Foundation to maintain an effective system of internal control over donations it receives until their initial entry in the financial records. Accordingly, we were unable to express an opinion as to whether all donation revenues received by the Foundation in 2006 were recorded.
UNSW Asia School Limited	31.12.2006	The 2006 financial report was the first report prepared under the Act. We did not audit prior period operations as we were unable to obtain sufficient appropriate audit evidence to form an opinion on the balances as at 31 December 2005. As these balances affect the determination of the result of operations and cash flows for the year ended 31 December 2006, we were unable to form an opinion on these results and cash flows.
UNSW Hong Kong Foundation Limited	31.12.2006	It is impractical for the Company to maintain an effective system of internal control over donations it receives until their initial entry in the financial records. Accordingly, we were unable to express an opinion as to whether all donation revenues received by the Company in 2006 were recorded.
UNSW Hong Kong Limited	31.12.2006	The qualification relates to the prior year and was carried forward to 2006 in respect of the audit of the comparative financial information contained in this year's financial report.
UNSW (Singapore) Pte Limited	31.12.2006	The qualification relates to the prior year and was carried forward to 2006 in respect of the audit of the comparative financial information contained in this year's financial report.
UNSW & Study Abroad-Friends and U.S. Alumni, Inc	31.12.2006	The 2006 financial report was the first report prepared under the Act. We did not audit prior period operations as we were unable to obtain sufficient appropriate audit evidence to form an opinion on the balances as at 31 December 2005. As these balances affect the determination of the result of operations and cash flows for the year ended 31 December 2006, we were unable to form an opinion on these results and cash flows. It is impractical for the Company to maintain an effective system of internal control over donations it receives until their initial entry in the financial records. Accordingly, we were unable to express an opinion as to whether all donation revenues received by the Company in 2006 were recorded.
UNSW (Thailand) Limited	31.12.2006	The qualification relates to the prior year and was carried forward to 2006 in respect of the audit of the comparative financial information contained in this year's financial report.

Index



A	Page
Aboriginal Affairs, Department of	Vol 5 2006
Aboriginal Affairs, Minister of	Vol 1 2007
Aboriginal Housing Office	167
Aboriginal Housing Office Group of Staff	171
Aboriginal Land Council, New South Wales	Vol 1 2007
Access Macquarie Limited	Vol 2 2007
accessUTS Pty Limited	Vol 2 2007
A.C.N. 093 230 374 Pty Limited (formerly TAFE Global Pty Ltd)	Vol 4 2007
Acyte Biotech Pty Ltd (Acyte)	Vol 2 2007
Adult Migrant English Service, NSW	Vol 4 2007
Ageing, Disability and Home Care, Department of	35
Agencies not reported elsewhere in this Volume	361
Agricultural Business Research Institute Ltd.	Vol 2 2007
Agricultural Scientific Collections Trust	Vol 4 2006
AGSM Consulting Limited	Vol 2 2007
AGSM Limited	Vol 2 2007
Air Transport Council	Vol 5 2006
ANZAC Health and Medical Research Foundation .	Vol 1 2007
ANZAC Health and Medical Research Foundation Trust Fund	Vol 1 2007
ANZAC Memorial Building, Trustees of the	Vol 2 2007
Architects Registration Board, NSW	Vol 4 2007
Art Gallery of New South Wales Foundation	Vol 4 2007
Art Gallery of New South Wales Trust	49
Arts Education Foundation Trust	Vol 4 2007
Arts, Minister for	47
Arts, Sport and Recreation, Department of the	53
Asbestos Diseases Research Foundation, The (ADRF) ...	75
Attorney General	9
Attorney General's Department	11
Audio Nomad Pty Ltd	Vol 2 2007
Audit and Audit-Related Services Requested by the Treasurer	Vol 2 2007
Audit Communication with Ministers	Vol 4 2007
Aus Health International Pty Limited	Vol 1 2007
Australian Centre for Advanced Computing and Communications Pty Ltd	95
Australian Education Consultancy Limited (AEC) .	Vol 2 2007
Australian Institute of Asian Culture and Visual Arts Limited, The	50
Australian Museum Trust	51
Australian Plant DNA Bank Limited	Vol 2 2007
Australian Proteome Analysis Facility Ltd.	Vol 2 2007
Australian Technology Park Precinct Management Ltd (ATP)	Vol 5 2006
Australian Water Technologies Pty Ltd	Vol 4 2007
AWT International (Thailand) Limited	Vol 4 2007
AWT Philippines, Inc.	Vol 4 2006
B	
Banana Industry Committee	Vol 4 2007
Belgenny Farm Agricultural Heritage Centre Trust	Vol 1 2007
Biobank Pty Limited	Vol 2 2007
Biotrack Australia Pty Ltd	Vol 2 2007
Births, Deaths and Marriages, Registry of	Vol 5 2006
Board, Building Professionals	Vol 4 2007
Board, Chiropractors Registration	Vol 4 2007
Board, Cobar Water	Vol 2 2007
Board, Dental Technicians Registration	Vol 4 2007
Board, Liquor Administration	Vol 4 2007
Board, Lord Howe Island	361
Board, Mine Subsidence	225
Board, New South Wales Coal Compensation	226
Board, New South Wales Grains	Vol 5 2006
Board, New South Wales Medical	Vol 4 2007
Board, NSW Architects Registration	Vol 4 2007
Board, NSW Vocational Education and Training Accreditation	Vol 4 2007
Board, Nurses and Midwives	Vol 4 2007
Board, Optical Dispensers Licensing	Vol 4 2007
Board, Optometrists Registration	Vol 4 2007
Board, Osteopaths Registration	Vol 4 2007
Board, Physiotherapists Registration	Vol 4 2007
Board, Podiatrists Registration	Vol 4 2007
Board, Psychologists Registration	Vol 4 2007
Board, Rental Bond	110
Board, Veterinary Practitioners	Vol 4 2007
Board, Wild Dog Destruction	Vol 2 2007
Board, Wine Grapes Marketing	Vol 2 2007
Board, Workers' Compensation (Dust Diseases)	73
Boards, State Council of Rural Lands Protection ..	Vol 2 2007
Board of Studies, The	Vol 4 2007
Board of Studies, Office of the	129
Board of Studies Casual Staff Division	Vol 4 2007
Board of Surveying and Spatial Information	Vol 4 2007
Board of Vocational Education and Training, NSW	Vol 4 2007
Border Rivers-Gwydir Catchment Management Authority	Vol 4 2007
Bosch Institute	Vol 2 2007
Brett Whiteley Foundation, The	Vol 4 2007
Budget Dependent Agencies Summary of Debtors (at 30 June 2006)	Vol 5 2006
Budget Result, The Statement of the	Vol 3 2006
Building and Construction Industry Long Service Payments Corporation	187
Building Insurers' Guarantee Corporation	96
Building Professionals Board	Vol 4 2007
Buroba Pty Limited	342
C	
Cabinet, Department of Premier and	299
CADRE Design Pty Limited	Vol 2 2007
CADRE Design Unit Trust	Vol 2 2007
Campus Pre-School Incorporated	Vol 2 2007
Cancer Institute NSW	Vol 1 2007
Cancer Institute Division	Vol 1 2007
Carnivale Limited	Vol 5 2006
Casino Control Authority, New South Wales	Vol 4 2007
Casino Control Authority Division	Vol 4 2007
C.B. Alexander Foundation	Vol 5 2006
Centennial Park and Moore Park Trust	261
Centennial Parklands Foundation	361
Centre for Money, Banking and Finance Limited ..	Vol 2 2007
Cessnock Uni Clinic Trust	Vol 2 2007
Central West Catchment Management Authority ..	Vol 4 2007
Changes to Employment Arrangements	Vol 4 2006
Charles Sturt Foundation Limited	Vol 2 2007
Charles Sturt Services Limited	Vol 2 2007
Charles Sturt University	Vol 2 2007
Charles Sturt University Foundation Trust	Vol 2 2007
CHEC English Language Centre	361
Chief Investigator of the Office of Transport Safety Investigations	Vol 4 2007
Children, Office for	Vol 5 2006
Chipping Norton Lake Authority	Vol 4 2006
Chiropractors Registration Board	Vol 4 2007
City West Housing Pty Limited	172
Climate Change, Environment and Water, Minister for	77
Clinical Excellence Commission	Vol 1 2007
Clinical Excellence Commission Division	Vol 1 2007
Coal Compensation Board, New South Wales	226
Cobar Water Board	Vol 2 2007
Cobar Water Board Division	Vol 2 2007
Coffs Harbour Technology Park Limited	Vol 4 2007
Commerce, Department of	98
Commerce, Minister for	93
Commission for Children and Young People, NSW.	Vol 4 2007
Community Relations Commission, Office of the	Vol 5 2006
Community Relations Commission for a Multicultural NSW	Vol 4 2007
Community Services, Department of	117
Community Services, Minister for	115
Compliance Testing on Business Continuity Planning	Vol 4 2006

Cooks Cove Development Corporation (CCDC)	242
Corporation Sole, 'Minister Administering the Environmental Planning and Assessment Act 1979'	231
Corporation Sole, 'Minister Administering the Heritage Act 1977'	232
Corrective Services, Department of	191
Corruption, Independent Commission Against	303
Country Energy	Vol 4 2007
Country Energy Gas Pty Limited	Vol 4 2007
Cowra Japanese Garden Maintenance Foundation Limited	Vol 4 2006
Cowra Japanese Garden Trust	Vol 4 2006
Crime Commission, New South Wales	Vol 4 2007
Crime Commission, Office of the New South Wales	Vol 4 2007
Crime Commission Division, New South Wales	Vol 4 2007
Crown Employees (NSW Fire Brigades Firefighting Staff, Death and Disability) Superannuation Fund, The	Vol 4 2007
Crown Entity, The	348
Crown Lands Homesites Program	Vol 4 2007
Crown Leaseholds Entity	207
Crown Property Portfolio	319
Crown Solicitor's Office	Vol 5 2006
Cystemix Pty Limited (Cystemix)	Vol 2 2007

D

Dams Safety Committee	Vol 4 2007
Debts Written Off During 2005-06	Vol 5 2006
Delta Electricity	Vol 4 2007
Delta Electricity Australia Pty Ltd	Vol 4 2007
Dental Board of New South Wales	Vol 1 2007
Dental Technicians Registration Board	Vol 4 2007
Department of Aboriginal Affairs	Vol 5 2006
Department of Ageing, Disability and Home Care	35
Department of the Arts, Sport and Recreation	53
Department of Commerce	98
Department of Community Services	117
Department of Corrective Services	191
Department of Education and Training	Vol 4 2007
Department of Energy, Utilities and Sustainability	Vol 5 2006
Department of Environment and Conservation	Vol 5 2006
Department of Health	Vol 1 2007
Department of Housing, NSW	Vol 1 2007
Department of Juvenile Justice	201
Department of Lands	209
Department of Local Government	219
Department of Natural Resources	Vol 1 2007
Department of Planning	233
Department of Premier and Cabinet	299
Department of Primary Industries	Vol 2 2007
Department of State and Regional Development	267
Department of the Arts, Sport and Recreation	53
Director of Public Prosecutions, Office of	23
Downtown Utilities Pty Limited	Vol 4 2007
Dumaresq - Barwon Border Rivers Commission	Vol 4 2007
Duquesne Utilities Pty Ltd	342

E

Education and Training, Department of	Vol 4 2007
Education and Training, Minister for	127
Elastagen Pty Ltd	Vol 2 2007
Election Funding Authority of New South Wales	Vol 4 2007
Electoral Commission, New South Wales	305
Electoral Office, State	Vol 5 2006
Electricity Industry, Overview of the	Vol 4 2007
Electricity Tariff Equalisation Ministerial Corporation	323
Emergency Services, Minister for	133

EMMLINK Pty Limited	Vol 4 2006
Energy Industries Superannuation Scheme	326
Energy, Minister for	Vol 4 2007
Energy Management International Pty Limited	Vol 4 2007
EnergyAustralia	Vol 4 2007
Energy Australia Pty Limited	Vol 4 2006
Energy Industries Superannuation Scheme	326
Energy, Utilities and Sustainability, Department of	Vol 5 2006
Enikos Pty Ltd	Vol 2 2007
Environment, Minister for	Vol 1 2007
Environment and Conservation, Department of ...	Vol 5 2006
Environment Protection Authority	Vol 5 2006
Environmental Trust	Vol 5 2006
Eraring Energy	Vol 4 2007

F

Fair Trading Administration Corporation	Vol 4 2007
Farrer Memorial Research Scholarship Fund, Trustees of the	Vol 2 2007
Festival Development Corporation	Vol 4 2007
Film and Television Office, New South Wales	361
Finance, Minister for	143
Financial Counselling Trust Fund	Vol 4 2007
Financial Reports Received After Statutory Date (at 4 May 2007)	Vol 2 2007
Financial Reports Not Received by Statutory Date (as at 14 November 2007)	362
Financial Reports Received but Audit Incomplete by Statutory Date (as at 14 November 2007)	363
Fire Brigades, New South Wales	135
Fish River Water Supply	Vol 2 2006
First State Superannuation Fund	Vol 5 2006
Food Authority, NSW	Vol 4 2006
Forestry Commission of New South Wales (Trading as Forests NSW)	Vol 1 2007
Forestry Commission Division	Vol 1 2007
Foundation for the Historic Houses Trust of NSW	59
Foundation for the Historic Houses Trust of NSW Limited	59
FSS Trustee Corporation	Vol 5 2006

G

Game Council Division	Vol 5 2006
Game Council of New South Wales	Vol 5 2006
Gaming and Racing, Minister for	151
Gosford Water Supply Authority	Vol 4 2007
GraduateSchool.com Pty Limited	Vol 2 2007
Grains Board, New South Wales	Vol 5 2006
Greater Southern Area Health Service	Vol 1 2007
Greater Southern Area Health Service Division	Vol 1 2007
Greater Western Area Health Service	Vol 1 2007
Greater Western Area Health Service Division	Vol 1 2007
Greyhound and Harness Racing Regulatory Authority	153
Greyhound and Harness Racing Regulatory Authority Division	155
Growth Centres Commission	Vol 4 2007

H

Hamilton Rouse Hill Trust	59
Hawkesbury-Nepean Catchment Management Authority	Vol 4 2007
Health Administration Corporation	Vol 2 2007
Health Care Complaints Commission	Vol 4 2007
Health Care Complaints Commission, Office of the	Vol 5 2006
Health, Department of	Vol 1 2007
Health Foundation, New South Wales	163
Health, Minister for	161
Health, NSW	Vol 5 2006
Health Overview	Vol 1 2007
Health Research Foundation Sydney South West ..	Vol 1 2007

Health Professionals Registration Boards	Vol 1 2007	Legal Aid Temporary Staff Division	22
HealthQuest.....	Vol 1 2007	Legal Opinions Provided by the	
HealthQuest Service Division	Vol 1 2007	the Crown Solicitor.....	Vol 1 2007
HepatoCell Therapeutics Pty Limited (HepatoCell).....	Vol 2 2007	Legal Profession Admission Board	361
Historic Houses Trust of New South Wales.....	57	Legislature, The	3
Historic Houses Trust of NSW,		Legislature (Audit of Members' Additional	
Foundation for the	59	Entitlements), The	Vol 2 2007
Historic Houses Trust of NSW Limited,		Liability Management Ministerial Corporation	331
Foundation for the	59	Library Council of New South Wales	
Home Care Service Division.....	46	(State Library).....	60
Home Care Service of New South Wales.....	43	Library of New South Wales Foundation, State	61
Home Purchase Assistance Fund.....	173	Lifetime Care and Support Authority of	
Honeysuckle Development Corporation	Vol 4 2007	New South Wales	69
Housing, NSW Department of.....	174	Linkwest Limited (now known as UWS College Pty	
Housing, Minister for	165	Limited)	Vol 2 2007
Hunter and New England Area Health Service.....	Vol 1 2007	Liquor Administration Board	Vol 4 2007
Hunter and New England Area Health Service		Local Government, Department of.....	219
Division	Vol 1 2007	Local Government, Minister for	217
Hunter-Central Rivers Catchment Management		Lord Howe Island Board	361
Authority	Vol 4 2007	Lotteries Corporation, New South Wales	156
Hunter Uni-Clinics Pty Limited.....	Vol 2 2007	Lower Murray-Darling Catchment Management	
Hunter Water Corporation.....	Vol 4 2007	Authority.....	Vol 4 2007
Hunter Water Australia Pty Limited.....	Vol 4 2007	Luna Park Reserve Trust	Vol 4 2007
I			
I-Care Medical Pty Ltd.....	Vol 2 2007	M	
Illawarra Technology Corporation Limited (ITC) ..	Vol 2 2007	Macquarie Generation	Vol 4 2007
Independent Commission Against Corruption	303	Macquarie Graduate School of Management	
Independent Pricing and Regulatory Tribunal	Vol 5 2006	Pty Limited (MGSM)	Vol 2 2007
Tribunal Division	Vol 5 2006	Macquarie University.....	Vol 2 2007
Independent Transport Safety		Macquarie University Professorial	
and Reliability Regulator	Vol 4 2007	Superannuation Scheme	Vol 2 2007
Independent Transport Safety		Marine Parks Authority.....	Vol 1 2007
and Reliability Regulator Division	Vol 4 2007	Maritime Authority, NSW	Vol 5 2006
Industrial Relations, Minister for	185	Maritime Authority Special Purpose Service	
Infrastructure Implementation Corporation	361	Entity, NSW	Vol 5 2006
Insearch Limited (Insearch)	Vol 2 2007	Medical Board, New South Wales	Vol 4 2007
Institute for Magnetic Resonance Research.....	Vol 2 2007	Milk Marketing (NSW) Pty Limited	258
Institute of Psychiatry	Vol 4 2007	Mineral Resources, Minister for	223
Institute of Sport, New South Wales	Vol 4 2007	Mine Subsidence Board	225
Institute of Sport Division.....	Vol 4 2007	Minister for Aboriginal Affairs	Vol 1 2007
Institute of Teachers, NSW	Vol 4 2007	Minister for Ageing and Minister for	
Institute of Teachers, Office of the.....	Vol 4 2007	Disability Services	33
Integral Energy Australia.....	Vol 4 2007	Minister for Arts	47
Internal Audit Bureau of New South Wales	Vol 4 2007	Minister Assisting the Minister for Finance.....	67
Internal Audit Bureau Division	Vol 4 2007	Minister for Climate Change, Environment	
International Livestock Resources and		and Water	77
Information Centre Ltd	Vol 2 2007	Minister for Commerce	93
J			
Jenolan Caves Reserve Trust.....	Vol 5 2005	Minister for Community Services.....	115
John Lewis and Pamela Lightfoot Trust,		Minister for Disability Services.....	33
The (Trust)	Vol 2 2007	Minister for Education and Training	127
Judicial Commission of New South Wales	361	Minister for Emergency Services	133
Justice Health	Vol 1 2007	Minister for Energy	Vol 4 2007
Justice Health Division	Vol 1 2007	Minister for the Environment	Vol 1 2007
Justice, Minister for	189	Minister for Finance.....	143
Juvenile Justice, Minister for	199	Minister for Gaming and Racing.....	151
Juvenile Justice, Department of	201	Minister for Health	161
L			
Lachlan Catchment Management Authority.....	Vol 4 2007	Minister for Housing.....	165
Lake Illawarra Authority	Vol 4 2007	Minister for Industrial Relations	185
Landcom	236	Minister for Justice.....	189
Land Development Working Account	215	Minister for Juvenile Justice	199
Lands, Department of.....	209	Minister for Lands	205
Lands, Minister for.....	205	Minister for Local Government	217
Learning Activity Management System (LAMS)		Minister for Mineral Resources.....	223
Foundation Limited.....	Vol 2 2007	Minister for Natural Resources	Vol 1 2007
Learning Activity Management System (LAMS)		Minister for Planning.....	229
International Pty Ltd	Vol 2 2007	Minister for Police	247
Legal Aid Commission of New South Wales	19	Minister for Ports and Waterways.....	Vol 5 2006
Legal Aid Commission, Office of the	22	Minister for Primary Industries	255
		Minister for Redfern and Waterloo.....	Vol 5 2006
		Minister for Roads	Vol 4 2006
		Minister for Small Business	Vol 4 2007
		Minister for State Development	265
		Minister for Sport and Recreation	259
		Minister for Tourism.....	Vol 4 2007
		Minister for Transport	271
		Minister for Water Utilities	Vol 4 2007

Minister for Youth	Vol 4 2007
Ministerial Corporation for Industry	270
Ministry for Police	Vol 4 2007
Ministry of Transport	277
Mitchell Services Limited	Vol 2 2007
Motor Accidents Authority of New South Wales	71
Motor Accidents Authority of New South Wales, Office of	361
Motor Vehicle Repair Industry Authority	Vol 4 2007
Murray Catchment Management Authority	Vol 4 2007
Murrumbidgee Catchment Management Authority	Vol 4 2007
Museum of Applied Arts and Sciences, Trustees of	64

N

Namoi Catchment Management Authority	Vol 4 2007
National Marine Science Centre Pty Ltd	Vol 2 2007
Natural Resources Commission	Vol 4 2007
Natural Resources Commission Division	Vol 4 2007
Natural Resources, Department of	Vol 1 2007
Natural Resources, Minister for	Vol 1 2007
New South Wales Aboriginal Land Council	Vol 1 2007
New South Wales Casino Control Authority	Vol 4 2007
New South Wales Coal Compensation Board	226
New South Wales Crime Commission	Vol 4 2007
New South Wales Crime Commission Division	Vol 4 2007
New South Wales Crime Commission, Office of the	Vol 4 2007
New South Wales Electoral Commission	305
New South Wales Film and Television Office	361
New South Wales Fire Brigades	135
New South Wales Grains Board	Vol 5 2006
New South Wales Government Telecommunications Authority (Telco), The	106
New South Wales Health Foundation	163
New South Wales Institute of Sport	Vol 4 2007
New South Wales Lotteries Corporation	156
New South Wales Medical Board	Vol 4 2007
New South Wales Minerals Industry/University of New South Wales Education Trust, The	Vol 2 2007
New South Wales Rural Assistance Authority	Vol 1 2007
New South Wales Rural Assistance Authority, Office of the	Vol 1 2007
New South Wales Rural Fire Service	140
New South Wales Technical and Further Education Commission Division	Vol 4 2007
New South Wales Treasury Corporation	Vol 4 2007
Newcastle International Sports Centre Club	Vol 2 2007
Newcastle International Sports Centre Trust	Vol 2 2007
Newcastle Port Corporation	Vol 5 2006
Newcastle Showground and Exhibition Centre Trust	Vol 5 2006
NewSouth Global India Pvt Limited	Vol 2 2007
NewSouth Global Pty Limited (NS Global)	Vol 2 2007
NewSouth Innovations Pty Limited (NS Innovations)	Vol 2 2007
NewSouth One Pty Ltd	Vol 2 2007
NewSouth Three Pty Ltd	Vol 2 2007
NewSouth Four Pty Ltd	Vol 2 2007
NewSouth Global (Thailand) Limited	Vol 2 2007
Norsearch Limited	Vol 2 2007
North Coast Area Health Service	Vol 1 2007
North Coast Area Health Service Division	Vol 1 2007
Northern Rivers Catchment Management Authority	Vol 4 2007
Northern Sydney and Central Coast Area Health Service	Vol 1 2007
Northern Sydney and Central Coast Area Health Service Division	Vol 1 2007
NorthPower Energy Services Pty Limited	Vol 4 2007
NSW Adult Migrant English Service	Vol 4 2007
NSW Architects Registration Board	Vol 4 2007
NSW Board of Vocational Education and Training	Vol 4 2007
NSW Businesslink Pty Limited	107

NSW Commission for Children and Young People	Vol 4 2007
NSW Department of Housing	174
NSW Food Authority	257
NSW Food Authority, Office of the	258
NSW Fire Brigades Superannuation Pty Ltd	Vol 2 2007
NSW Health	Vol 5 2006
NSW Institute of Teachers	Vol 4 2007
NSW Maritime Authority	Vol 5 2006
NSW Maritime Authority Special Purpose Service Entity	Vol 5 2006
NSW Ovine Johne's Disease Transaction Based Contribution Scheme	Vol 5 2006
NSW Police Force	249
NSW Self Insurance Corporation	333

NSW Vocational Education and Training Accreditation Board	Vol 4 2007
Nucleos Pty Ltd	Vol 2 2007
Nurses and Midwives Board	Vol 4 2007

O

Office for Children	Vol 4 2007
Office of the Board of Studies	129
Office of the Community Relations Commission	Vol 4 2007
Office of the Director of Public Prosecutions	23
Office of the Health Care Complaints Commission	361
Office of the Institute of Teachers	Vol 4 2007
Office of the Legal Aid Commission	22
Office of the Motor Accidents Authority of New South Wales	361
Office of the New South Wales Crime Commission	Vol 4 2007
Office of the New South Wales Rural Assistance Authority	Vol 1 2007
Office of the NSW Food Authority	258
Office of the Police Integrity Commission	Vol 4 2007
Office of the Protective Commissioner and Public Guardian	25
Office of the Protective Commissioner and Public Guardian - Common Fund	Vol 1 2007
Office of the Redfern Waterloo Authority	Vol 5 2006
Office of the State Property Authority	147
Office of the Sydney Harbour Foreshore Authority	242
Olive Street Services Limited	Vol 2 2007
Office of the Community Relations Commission	Vol 4 2007
Office of the WorkCover Authority	361
Office of World Youth Day Co-ordination Authority	310
Ombudsman's Office	306
Optical Dispensers Licensing Board	Vol 4 2007
Optometrists Registration Board	Vol 4 2007
Osteopaths Registration Board	Vol 4 2007
Overview of the Electricity Industry	Vol 4 2007
Overview of Health	Vol 1 2007
Overview of Rail Services	Vol 4 2007
Overview of Transport and Roads Services	273
Ovine Johne's Disease Industry Funds	Vol 5 2006
Ovine Johne's Disease Transaction Based Contribution Scheme, NSW	Vol 5 2006

P

Pacific Industry Services Corporation Pty Limited	258
Pacific Western Pty Limited	Vol 4 2007
Parklands Foundation Limited	245
Parliamentary Contributory Superannuation Fund	313
Parramatta Park Trust	Vol 4 2007
Parramatta Stadium Trust Division	Vol 2 2007
Parramatta Stadium Trust	Vol 2 2007
Payments to Other Government Bodies Under the Control of the Minister	Vol 4 2007
Performance Audit Reports Tabled in Parliament Since Vol Four of 2007	357
Performance Audits in Progress	358

Pharmacy Board of New South Wales	Vol 1 2007	South Eastern Sydney and Illawarra Area Health Service	Vol 1 2007
Pharmacy Trust	Vol 2 2006	South Eastern Sydney and Illawarra Area Health Service Division	Vol 1 2007
Physiotherapists Registration Board	Vol 4 2007	Southern Cross University	Vol 2 2007
Planning, Department of	233	Southern Rivers Catchment Management Authority	Vol 4 2007
Planning, Minister for	229	Special Minister of State	311
Podiatrists Registration Board	Vol 4 2007	Sport and Recreation, Minister for	259
Police Integrity Commission	Vol 4 2007	Sporting Injuries Committee	Vol 4 2007
Police Integrity Commission Division	Vol 4 2007	SSB Mayfair Trust	Vol 5 2006
Police, Minister for	247	State and Regional Development, Department of	267
Police, Ministry for	Vol 4 2007	State Council of the Rural Lands Protection Boards Division (the Division)	Vol 2 2007
Police Force, NSW	249	State Council of the Rural Lands Protection Boards	Vol 2 2007
Ports and Waterways, Minister for	Vol 5 2006	State Development, Minister for	265
Port Kembla Port Corporation	Vol 5 2006	State Electoral Office	Vol 5 2006
Premier	297	State Emergency Service	142
Premier and Cabinet, Department of	299	State Library of New South Wales Foundation	61
Primary Industries, Department of	Vol 2 2007	State Property Authority	145
Primary Industries, Minister for	255	State Property Authority, Office of the	147
Probiotic Health Pty Ltd	Vol 2 2007	State Rail Authority	Vol 4 2007
Protective Commissioner and Public Guardian, Office of	25	State Records Authority of New South Wales	112
Protective Commissioner and Public Guardian - Common Fund, Office of the	Vol 1 2007	State, Special Minister of	311
Psychologists Registration Board	Vol 4 2007	State Sports Centre Trust	Vol 4 2007
Public Health System Support Division	Vol 2 2007	State Sports Centre Trust Division of the Government Service	Vol 4 2007
Public Transport Ticketing Corporation	281	State Super Financial Services Australia Limited	344
Public Transport Ticketing Corporation Division	284	State Transit Authority	285
Public Trustee NSW	28	State Transit Authority Division	289
Q		State Water Corporation - 2006 Comment	Vol 4 2007
Qualified Independent Audit Reports Issued	368	State Water Corporation - 2007 Comment	Vol 4 2007
Qucor Pty Limited (Qucor)	Vol 2 2007	Statement of the Budget Result, The	Vol 3 2006
R		Stormwater Trust	Vol 5 2006
Rail Corporation New South Wales	Vol 4 2007	Superannuation Administration Corporation (trading as Pillar Administration)	148
Rail Infrastructure Corporation	Vol 4 2007	Sydney 2009 World Masters Games Organising Committee	Vol 4 2007
Rail Services, Overview of	Vol 4 2007	Sydney 2009 World Masters Games Organising Committee Division	Vol 4 2007
Redfern-Waterloo Authority	Vol 5 2006	Sydney Business School Pty Ltd	Vol 2 2007
Redfern Waterloo Authority, Office of the	Vol 5 2006	Sydney Catchment Authority	79
Redfern and Waterloo, Minister for	Vol 5 2006	Sydney Catchment Authority Division	83
Regional Land Management Corporation Pty Ltd	Vol 4 2007	Sydney Cricket and Sports Ground Trust	Vol 4 2007
Registry of Births, Deaths and Marriages	Vol 5 2006	Sydney Cricket and Sports Ground Trust Division	Vol 4 2007
Rental Bond Board	110	Sydney Desalination Plant Pty Limited	Vol 4 2007
Rental Housing Assistance Fund	183	Sydney Educational Broadcasting Limited (SEBL)	Vol 2 2007
Residual Business Management Corporation	Vol 1 2006	Sydney Ferries Corporation	290
Responsible Gambling Fund	56	Sydney Graduate School of Management Limited	Vol 2 2007
Rice Marketing Board for the State of New South Wales	Vol 5 2006	Sydney Harbour Authority, Office of the	242
Riverina Citrus	Vol 4 2006	Sydney Harbour Authority Casual Staff Division, The	242
Rivservices Limited	Vol 2 2007	Sydney Institutes of Health and Medical Research	Vol 2 2007
Roads, Minister for	Vol 4 2006	Sydney Harbour Foreshore Authority	239
Roads and Traffic Authority of New South Wales	Vol 4 2006	Sydney Metropolitan Catchment Management Authority	Vol 4 2007
Roads and Traffic Authority Division	Vol 4 2006	Sydney Olympic Park Authority	243
Rouse Hill Hamilton Collection Pty Ltd, The	59	Sydney Olympic Park Authority Sydney Olympic Park Aquatic and Athletic Centres Division	245
Royal Alexandra Hospital for Children, The	Vol 1 2007	Sydney Olympic Park Authority, The Office of the	245
Royal Alexandra Hospital for Children Division	Vol 1 2007	Sydney Opera House Trust	62
Royal Botanic Gardens and Domain Trust	Vol 4 2007	Sydney Pilot Service Pty Ltd (SPS)	Vol 5 2006
Rural Assistance Authority, New South Wales	Vol 1 2007	Sydney Ports Corporation	Vol 5 2006
Rural Australia Foundation Limited	Vol 2 2007	Sydney South West Area Health Service	Vol 1 2007
Rural Fire Service, New South Wales	140	Sydney South West Area Health Service Division	Vol 1 2007
Rural Lands Protection Boards	Vol 5 2006	Sydney Water Corporation	Vol 4 2007
S		Sydney West Area Health Service	Vol 1 2007
SAS Trustee Corporation	342	Sydney West Area Health Service Division	Vol 1 2007
SAS Trustee Corporation Division	343	Sydney West International College Pty Limited	Vol 2 2007
SAS Trustee Corporation - Pooled Fund	337		
Self Insurance Corporation, NSW	333		
Services UNE Limited	Vol 2 2007		
Sesquicentenary of Responsible Government Trust Fund	361		
Small Business Development Corporation	Vol 5 2006		
Small Business, Minister for	Vol 4 2007		
SGSM Limited	Vol 2 2007		

T

TAFE Global Pty Ltd (now A.C.N. 093 230 374 Pty Limited)	Vol 4 2007
TCorp Nominees Pty Limited	Vol 4 2007
Teacher Housing Authority of New South Wales	130
Technical and Further Education Commission	Vol 4 2007
Technical and Further Education Commission Division, New South Wales	Vol 4 2007
Technical Education Trust Funds	Vol 2 2007
The Asbestos Diseases Research Foundation (ADRF)	75
The Australian Institute of Asian Culture and Visual Arts Limited	50
The Board of Studies	Vol 4 2007
The Brett Whiteley Foundation	Vol 4 2007
The Crown Employees (NSW Fire Brigades Firefighting Staff, Death and Disability) Superannuation Fund	Vol 4 2007
The Crown Entity	348
The Hamilton Rouse Hill Trust	59
The John Lewis and Pamela Lightfoot Trust (Trust)	Vol 2 2007
The Legislature	3
The Legislature (Audit of Members' Additional Entitlements)	Vol 2 2007
The New South Wales Government Telecommunications Authority (Telco)	106
The Office of the Sydney Olympic Park Authority	245
The New South Wales Minerals Industry/University of New South Wales Education Trust	Vol 2 2007
TheraPPY Pty Limited	Vol 2 2007
The Rouse Hill Hamilton Collection Pty Ltd	59
The Royal Alexandra Hospital for Children	Vol 1 2007
The Sydney Harbour Foreshore Authority Casual Staff Division	242
The University of Newcastle Research Associates Limited (TUNRA)	Vol 2 2007
The University of New South Wales Foundation (UNSW Foundation)	Vol 2 2007
The University of New South Wales Foundation Limited (UNSW Foundation Ltd)	Vol 2 2007
The University of Sydney	Vol 2 2007
The University of Sydney Professorial Superannuation System	Vol 2 2007
TheraPPY Pty Limited	Vol 2 2007
Total State Sector Accounts	Vol 3 2006
Tourism, Minister for	Vol 4 2007
Tow Truck Authority of New South Wales	Vol 5 2006
TransGrid	Vol 4 2007
Transport Infrastructure Development Corporation	Vol 4 2007
Transport, Minister for	271
Transport, Ministry of	277
Treasurer	317
Treasury	351
Treasury Corporation, New South Wales	Vol 4 2006
Treasury Corporation Division	Vol 4 2007
Trust, Agricultural Scientific Collections	Vol 4 2006
Trust, Art Gallery of New South Wales	49
Trust, Arts Education Foundation	Vol 4 2007
Trust, Australian Museum	51
Trust, Belgenny Farm Agricultural Heritage Centre	Vol 1 2007
Trust, Centennial Park and Moore Park	261
Trust, Environmental	Vol 5 2006
Trust, The Hamilton Rouse Hill	59
Trust, Jenolan Caves Reserve	Vol 5 2005
Trust, Luna Park Reserve	Vol 4 2007
Trust, Newcastle International Sports Centre	Vol 2 2007
Trust, Newcastle Showground and Exhibition Centre	Vol 5 2006
Trust, Parramatta Park	Vol 4 2007
Trust, Parramatta Stadium	Vol 2 2007
Trust, Royal Botanic Gardens and Domain	Vol 4 2007
Trust, SSB Mayfair	Vol 5 2006
Trust, State Sports Centre	Vol 4 2007

Trust, Stormwater	Vol 5 2006
Trust, Sydney Cricket and Sports Ground	Vol 4 2007
Trust, Sydney Opera House	62
Trust, Upper Parramatta River Catchment	84
Trust, Wentworth Park Sporting Complex	Vol 4 2007
Trust, Wollongong Sportsground	263
Trustees of the ANZAC Memorial Building	Vol 2 2007
Trustees of the Farrer Memorial Research Scholarship Fund	Vol 2 2007
Trustees of the Museum of Applied Arts and Sciences	64

U

Ucom Six Pty Ltd	Vol 2 2007
Ucom Seven Pty Ltd	Vol 2 2007
Ucom Eleven Pty Ltd	Vol 2 2007
Ucom Twelve Pty Ltd	Vol 2 2007
Ucom Fourteen Pty Ltd	Vol 2 2007
Ucom Fifteen Pty Ltd	Vol 2 2007
Ucom Sixteen Pty Ltd	Vol 2 2007
Ucom Seventeen Pty Ltd	Vol 2 2007
UNE Partnerships Pty Limited	Vol 2 2007
UNILINC Limited	Vol 2 2007
Uniprojects Pty Limited	361
United States Studies Centre Ltd	Vol 2 2007
Universities Overview	Vol 2 2007
Universities Admissions Centre (NSW & ACT) Pty Limited	361
University of Newcastle	Vol 2 2007
University of Newcastle Research Associates Limited, The (TUNRA)	Vol 2 2007
University of New England	Vol 2 2007
University of New England Professorial Superannuation Fund	Vol 2 2007
University of New South Wales	Vol 2 2007
University of New South Wales Foundation, The (UNSW Foundation)	Vol 2 2007
University of New South Wales Foundation Limited, The (UNSW Foundation Ltd)	Vol 2 2007
University of New South Wales International House Limited (UNSW International House)	Vol 2 2007
University of New South Wales Press Limited (UNSW Press)	Vol 2 2007
University of Sydney, The	Vol 2 2007
University of Sydney Professorial Superannuation System, The	Vol 2 2007
University of Technology, Sydney	Vol 2 2007
University of Western Sydney	Vol 2 2007
University of Western Sydney Foundation Limited	Vol 2 2007
University of Western Sydney Foundation Trust	Vol 2 2007
University of Wollongong	Vol 2 2007
University of Wollongong Recreation and Aquatic Centre Limited	Vol 2 2007
UNSW & Study Abroad - Friends and US Alumni Inc.	Vol 2 2007
UNSW Asia	Vol 2 2007
UNSW Asia School Limited	Vol 2 2007
UNSW Hong Kong Foundation Limited	Vol 2 2007
UNSW Hong Kong Limited	Vol 2 2007
UNSW (Singapore) Pte Limited	Vol 2 2007
UNSW (Thailand) Limited	Vol 2 2007
UoN Services Limited	Vol 2 2007
UON, Singapore Pte Ltd	Vol 2 2007
Upper Parramatta River Catchment Trust	84
Upper Parramatta Catchment Trust Division	85
UWS College Pty Limited	Vol 2 2007
UWS Conference and Residential Colleges Limited	Vol 2 2007
uwsconnect Pty Limited	Vol 2 2007

V

Valley Commerce Pty Limited	342
Veterinary Practitioners Board	Vol 4 2007
Victims Compensation Fund Corporation	Vol 5 2006
Vocational Education and Training, NSW Board of	Vol 4 2007

Vocational Education and Training Accreditation Board, NSW	Vol 4 2007
---	------------

W

Waste Recycling and Processing Corporation (WSN Environment Solutions)	86
Water Utilities, Minister for	Vol 4 2007
Wentworth Annexe Limited	Vol 2 2007
Wentworth Park Sporting Complex Trust	Vol 4 2007
Western Catchment Management Authority	Vol 4 2007
Western Sydney Buses Division	289
Whitlam Institute Within the University of Western Sydney Limited	Vol 2 2007
Whitlam Institute Within the University of Western Sydney Trust	Vol 2 2007
Wild Dog Destruction Board	Vol 2 2007
Wild Dog Destruction Board Division	Vol 2 2007
Wine Grapes Marketing Board	Vol 2 2007
Wollongong Sportsground Trust	263
Wollongong Sportsground Trust Division	264
Wollongong UniCentre Limited	Vol 2 2007
WorkCover Authority, Office of the	Vol 1 2007
WorkCover Authority of New South Wales	Vol 1 2007
Workers Compensation Commission	Vol 1 2007
Workers Compensation Nominal Insurer (trading as The NSW WorkCover Scheme)	Vol 1 2007
Workers' Compensation (Dust Diseases) Board	73
World Youth Day Co-ordination Authority	309
Wyang Water Supply Authority	Vol 4 2007

Y

Youth, Minister for	Vol 4 2007
---------------------------	------------

Z

Zoological Parks Board of NSW	89
Zoological Parks Board Division	91