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State Records Authority of New South Wales

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Higher than expected mesothelioma claims have contributed to an increase in compensation paid during the year	86

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Building Insurers' Guarantee Corporation

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Recommendations

This summary shows my more significant recommendations to agencies to address issues I identified during my audits.

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Superannuation Industry Overview

Treasury should review the structure and number of public sector superannuation funds and consider whether efficiencies and cost savings could be achieved through consolidation. 9

Treasury should review the structure of superannuation administration services controlled by the New South Wales Government or its superannuation funds. It should consider whether restructuring the entities will ensure the proposed reforms are implemented in the most efficient and cost effective way. 10

I again recommend New South Wales public sector superannuation funds review the proposed standard which now looks to be applicable for the year ending 30 June 2014 and ensure: 16

- financial reporting issues are identified
- a process to report comparative information is available
- controlled entities' financial statements are available in correct form and content
- systems are reconfigured to enable financial information extraction where needed.

Department of Finance and Services

The Department complete the redevelopment of the Government Property Register strategic framework and resolve identified limitations as a matter of urgency, so that it becomes a complete and reliable record of all New South Wales property assets.

In 2010 I recommended:

- the Department develops a strategic framework to guide the future maintenance, development and use of the Government Property Register
- the limitations identified in the Government Property Register be resolved so that it becomes a complete and reliable record of all New South Wales Government property assets
- the Department continues to work with agencies experiencing difficulty finalising 2010 annual reconciliations of the GPR with agency records, to ensure a complete reconciliation is achieved as soon as possible. 28

The Department and other intended users of the Government Licensing System (GLS) develop and enforce rigorous project management and data migration standards to ensure effective operation of the system before 'going live'. 28

Energy Industries Superannuation Scheme

The Treasurer should review the complex structure of the Energy Industries Superannuation Scheme and associated entities to ensure an efficient structure that minimises operational risks to its members. This may include mergers in line with the proposed superannuation regulatory reforms. 37

SAS Trustee Corporation – Pooled Fund

The SAS Trustee Corporation (the Trustee) should assess the practicability of undertaking periodic reviews of invalidity benefit entitlements as allowed by the Scheme's legislation. The Fund pays approximately $525 million per annum in invalidity pensions. 68

State Records Authority of New South Wales

The Authority establish a government digital archiving system in compliance with its enabling legislation. 75

WorkCover Authority of New South Wales

The Treasury should review the current Compensation Authorities Staff Division (CASD) structure to ensure it is not exposed to governance and operational risks as it interacts with individual agency governing Board.	81

Building Insurers' Guarantee Corporation

The Corporation continue to closely monitor the claims liability and take appropriate action to ensure claims are finalised as soon as practicable.	94

Section One

Overview

Superannuation Industry Overview

Superannuation Industry Overview

One in four Australians will have reached retirement age by 2050, compared to one in seven today

Superannuation Entities and Audit Opinions

The audits of the New South Wales Government controlled superannuation entities financial statements for the year ended 30 June 2011 resulted in unmodified audit opinions within the Independent Auditor's Reports.

Government Controlled Entities

The New South Wales Government controls the following superannuation related entities. These entities manage, administer and invest superannuation assets for many New South Wales public sector employees.

Superannuation Funds	**Death and Disability Superannuation Fund**
SAS Trustee Corporation Pooled Fund (STC Pooled Fund)	Crown Employees (NSW Fire Brigades Fire Fighting Staff Death and Disability) Superannuation Fund
Energy Industries Superannuation Scheme (EISS)	
Parliamentary Contributory Superannuation Fund (PCSF)	
Superannuation Administrative Services	**Financial Planning and Fund Management Services**
Superannuation Administration Corporation (Pillar Administration)	State Super Financial Services Australia Limited (SSFSAL).
FuturePlus Financial Services Pty Limited*	

* FuturePlus Financial Services Pty Limited is a wholly owned subsidiary of EISS.

Non-Government Controlled Superannuation Funds

Many New South Wales public sector employees are members of the First State Superannuation Scheme and the Local Government Superannuation Schemes. These Schemes have more than 870,000 members and over $35.0 billion in funds under management.

This overview refers only to New South Wales Government controlled superannuation related entities.

Key Issues

Government Superannuation Reviews

In September 2011, the Australian Government released 'Stronger Super' which contained key design aspects on superannuation reform following extensive consultation with the industry. It noted the need for Australia's superannuation industry to contribute towards higher retirement savings through greater efficiency and lower fees. This is because by 2050, almost one in four Australians will have reached retirement age, compared to one in seven today.

The government confirmed it supported 139 of the 177 recommendations in the Australian Superannuation System Review (Cooper Review) and established a consultative group to provide technical input into the key components of the reforms including:

Description	Key points
Governance and regulator issues	Operational risk reserves will be mandatory. There will be clearer duties for directors of trustee boards and they will be required to regularly review their performance.
Superstream	Measures designed to enhance the back office of superannuation will be introduced and make the processes around everyday transactions easier, cheaper and faster (discussed further below).
MySuper	Trustees will be able to offer MySuper products from 1 July 2013 which are designed to be a simple, cost-effective default superannuation products.
Self-managed superannuation funds (SMSFs)	Initiatives to improve the integrity of SMSFs including basis of valuation of assets, segregation of assets and auditor registration requirements will be introduced.

The next phase of the review will be the implementation and issue of draft legislation, prudential standards and guides to give effect to the various reforms.

Superannuation reforms will offer opportunities to gain synergies and cost savings in custody, funds management, superannuation administration, actuarial and audit fees

Stronger Super

Recommendation

Treasury should review the structure and number of public sector superannuation funds and consider whether efficiencies and cost savings could be achieved through consolidation.

The Cooper Review discussed the consolidation in Australia's superannuation system and the benefits members could gain in cost savings from scale. It identified the number of corporate, industry, public sector and retail superannuation funds has fallen in recent years, reflecting a trend towards consolidation. It also noted the number of public sector superannuation funds reduced from 58 in 2003 to 40 in 2009. Any cost savings achieved in consolidating New South Wales Government defined benefit superannuation funds would ultimately flow to the New South Wales Government, reducing unfunded liabilities. Synergies and cost savings may also be achieved in the area of custody, funds management, superannuation administration, actuarial and audit fees.

Consolidation of superannuation trustee boards and funds is occurring throughout the superannuation industry, largely in an effort to cut costs. Examples include:

Funds that have merged or proposed to merge		Potential size ($)	Estimated number of members
AustralianSuper – Australia's largest pension fund	Westscheme	42.0 billion	1.8 million
First State Super - Many New South Wales public sector employees are members of this fund	Health Super – Victorian based health and community services fund	30.0 billion	770,000
Equipsuper	Vision Super	8.6 billion	150,000
Statewide Super	Local Super – fund for local government employees in South Australia and the Northern Territory	4.1 billion	162,000

SuperStream

Recommendation

Treasury should review the structure of superannuation administration services controlled by the New South Wales Government or its superannuation funds. It should consider whether restructuring the entities will ensure the proposed reforms are implemented in the most efficient and cost effective way.

Changes required to deliver SuperStream outcomes may be significant and require investments in infrastructure and systems

The ‘Superstream’ initiative was integral to the Cooper Review. It aimed to reduce ‘back-office’ costs by improving data quality and data matching capabilities, electronic solutions to processing employer contributions, eliminating paper, and reengineering processes related to rollover processing and super consolidation. The nature and extent of change required to deliver these outcomes may be significant and require investment in infrastructure and systems which should be monitored by the New South Wales Government’s superannuation administrators. Treasury should monitor the proposed reforms and the cost impact on the administrators. A significant portion of the administrators’ businesses are defined benefit schemes whose members are entitled to a prescribed amount. The cost of implementing any proposed reforms may ultimately be borne by New South Wales Government and employers.

Superannuation Administration Corporation (Pillar Administration) and FuturePlus Services Pty Ltd (FuturePlus) provide administration services to both public sector superannuation schemes and private sector schemes. FuturePlus is 100 per cent owned by Energy Industries Superannuation Scheme and Pillar Administration is a State owned corporation.

Consolidating multiple member accounts

There are approximately three superannuation member accounts for each worker in Australia. Multiple accounts disadvantage members

One of the aims of the SuperStream reforms is to reduce the number of multiple member accounts to maximise retirement benefits by reducing administration fees and insurance premiums charged to each member account. The Australian Government’s Stronger Super paper estimated at 30 June 2010 there were 33 million superannuation accounts in Australia, equalling approximately three accounts for every worker. This includes an estimated five million accounts recorded on the lost member register.

Member account consolidation and reducing the number of multiple member accounts is a positive initiative and is consistent with my observations in New South Wales Government controlled superannuation funds. In my audit of the funds, I found over 98 per cent of unclaimed superannuation benefits at 30 June 2010 had been unclaimed for over ten years. This illustrates members are disengaged with their superannuation which supports the proposed initiatives.

Superannuation Investments

The downgrade of the United States credit rating and uncertainties in Europe have led to further market volatility which highlight the fragile nature of the recovery in global markets

At 30 June 2011, New South Wales Government superannuation funds managed $45.2 billion in investments ($42.2 billion in 2009–10). Refer to the financial tables below for further details of these investments on a fund by fund basis.

New South Wales Government superannuation funds generated positive investment returns in 2010–11 after widespread negative investment returns during the global financial crisis.

Global Economic Uncertainty

Despite positive investment returns in 2010–11, financial risks remain for superannuation funds, especially for those with overseas investments. At 30 June 2011, New South Wales Government superannuation funds had in excess of $13.0 billion in overseas investment including international fixed interest, international equities and international alternative assets. Weaknesses and uncertainties in the global economy have resurfaced in 2011, which again highlight the fragile nature of the recovery in global markets. These include:

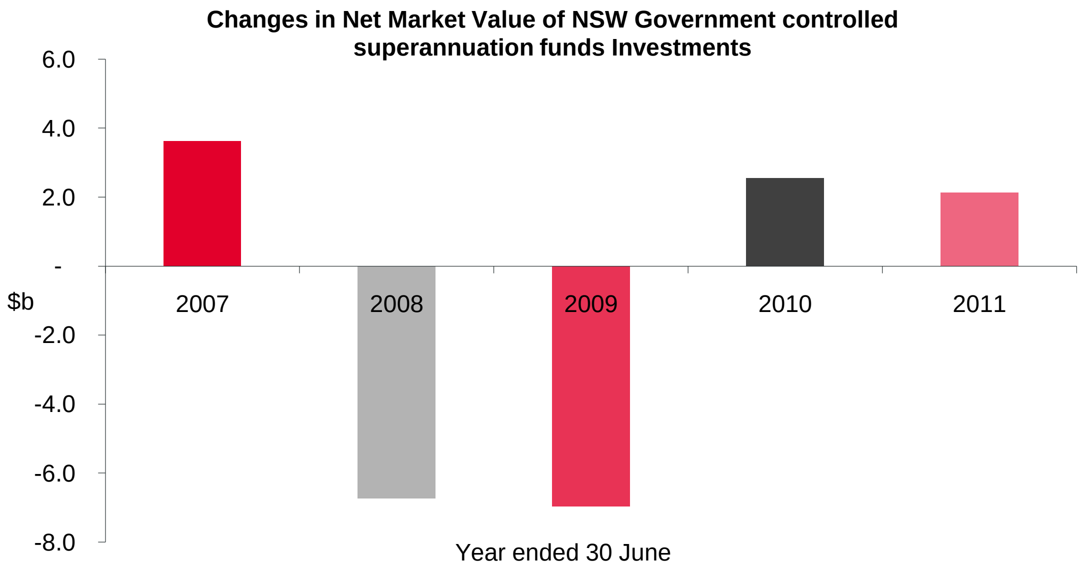
- United States credit rating downgrade from AAA to AA+ by Standard & Poor's for the first time in 70 years because of the increasing budget deficit and continued high unemployment
- debt crisis in Greece as well as financial problems experienced in Ireland, Spain and Italy
- Japanese disasters (earthquake, tsunami and nuclear energy crisis) which had significant ramifications for the production of a range of goods across the world
- rise in national and total debt in major economies around the world
- rapid expansion of money supply by central banks of major economies since the global financial crisis, which may lead to the possibility of stagflation and investors' loss of confidence.

These events have led to substantial volatility in markets in which New South Wales Government superannuation funds invest, and are exposed to. They pose a significant challenge to New South Wales Trustees and their asset consultants in prudentially balancing risk and return while taking into account long term expected rates of returns in financial markets. As the New South Wales Government superannuation funds are generally closed defined benefit funds, a large portion of the member base is at, or is reaching retirement age. This will require significant asset liquidation in the near future to ensure benefit payments can be met.

Changes in Investments Net Market Value

The volatility and overall decline in all domestic and global markets since October 2007 had a significant impact on New South Wales superannuation funds adversely affecting the reserves position of the funds. Investment values have increased over the past two years following improvements in domestic and global economic conditions. Whilst the first six months of the 2010–11 financial year were characterised by optimism the global recovery was on track, sentiments changed towards the end of 2010–11 for the reasons noted above.

The following graph shows the movement in the market value of all New South Wales superannuation funds' investments over the last five years.



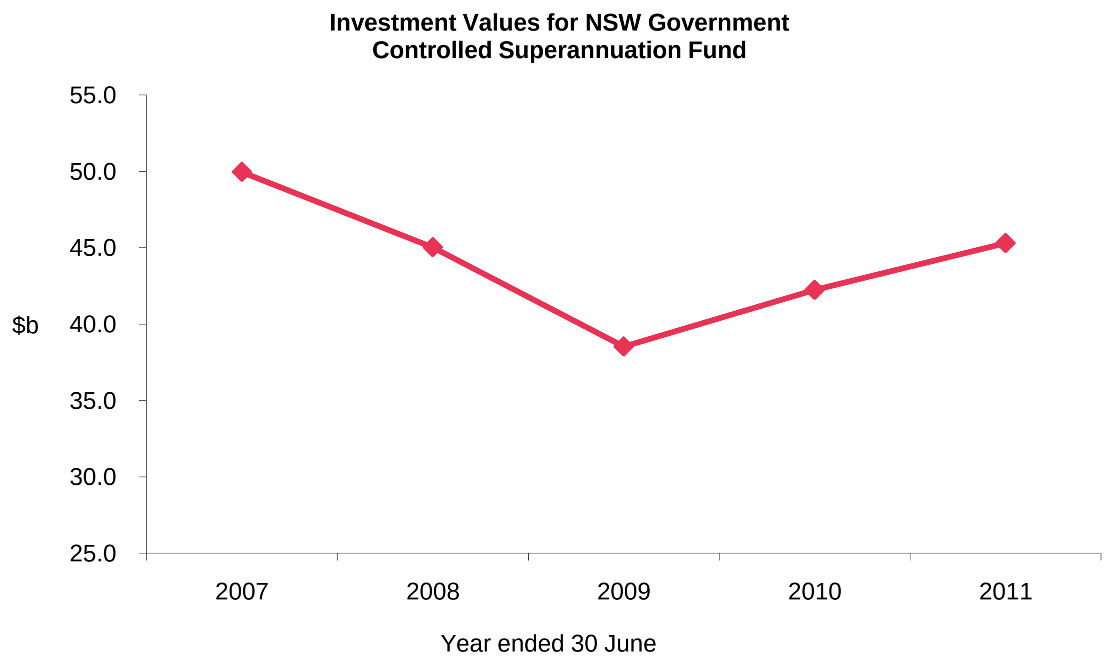
Source: Fund financial statements.

Investment earnings are yet to reach levels pre global financial crisis

APRA identified key risks in the custodian industry in Australia, relevant to New South Wales Government superannuation funds

Movements in the Value of Funds' Investments

The following graph shows the movement in value of superannuation investments over the last five years and highlights the impact of the global financial crisis between 2007 and 2009.



Source: Fund financial statements.

Investment Income

Investment income amounted to $2.1 billion in 2010–11 ($1.7 billion in 2010). Despite the recent recovery in financial markets, investment earnings are yet to reach levels reported prior to the global financial crisis. Investment income peaked at $2.9 billion in 2007–08, significantly higher than investment income of $2.1 billion reported in 2010–11.

Custodian operations

The Australian Prudential Regulation Authority (APRA) released 'Custodian operations in the superannuation industry' in 2011 which examined the custodian industry in Australia. It noted the custodian industry is very concentrated, dominated by local operations of large global players. This is particularly relevant to New South Wales public sector superannuation funds where JP Morgan Chase holds as custodian $43.0 billion in superannuation monies.

APRA reviewed industry developments and identified key risks and issues facing custodians that provide services to superannuation funds, which include:

- market and investment risk – trustees rely on custodian information and practices around valuation sources, tax calculation approach and unit pricing methodology without sufficient enquiry or assertion of the trustee's expectation in this area.
- information technology – a general lack of ongoing strategic investment has seen an over-dependence on user-developed systems to deal with issues as they arise.
- operational risk and risk management – corporate actions contribute the biggest operational risk across the industry and are the most difficult of the custodian processes to automate.

Refer to 'Outsourcing' section below for details of appointed custodians for other New South Wales public sector superannuation funds.

Unlisted Assets – Valuation of Alternative and Private Equity Investments

I previously recommended New South Wales Government controlled superannuation funds' trustees ensure there are adequate internal resources to monitor due diligence processes around investments in unlisted assets and not just rely on outsourced consultants. Greater attention should be focused on liquidity risk since most of these assets cannot be quickly converted into cash assets. This recommendation was implemented by SAS Trustee Corporation.

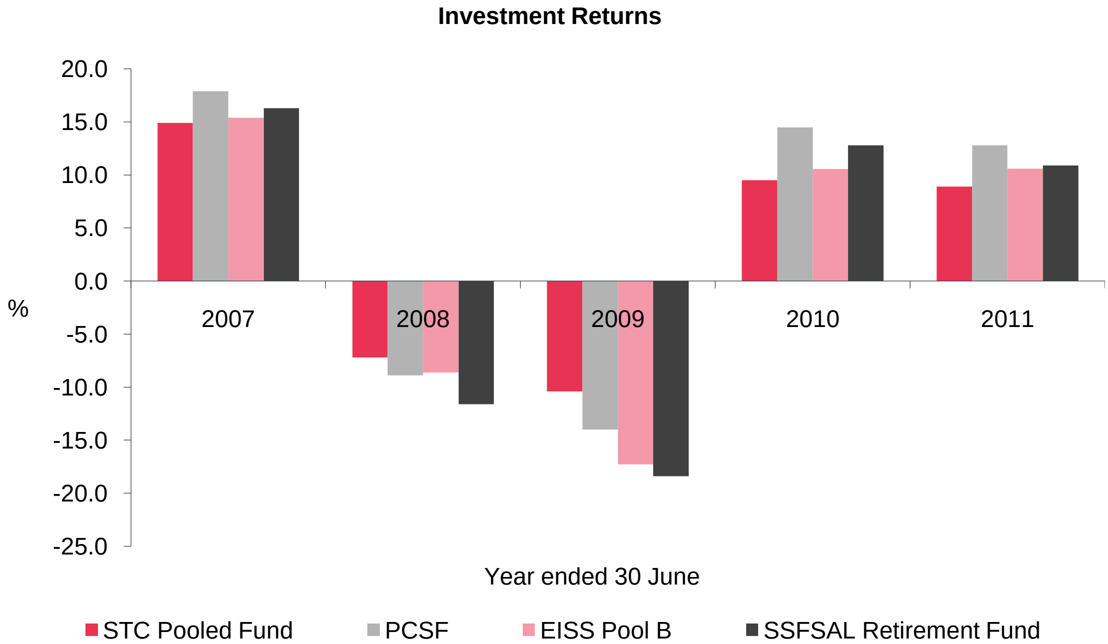
In August 2010, APRA recommended general principles to be used for unlisted asset valuations where there is no formal market for listing, quoting or trading to establish value. Values are established by adopting various valuation methodologies to estimate the basic worth of the unlisted asset. The integrity of the valuation process has become more important due to the increasing level of superannuation fund investments in unlisted assets.

The alternative investment sector is expanding because governments around the world are increasingly selling public assets to private enterprise and inviting the private sector to tender for major community projects, such as toll roads. The trend towards investing in alternative assets is likely to continue into the near future as the recovery from the global financial crisis continues and many governments repair their balance sheets. New South Wales superannuation funds must work closely with their asset consultants to identify domestic or global investment opportunities consistent with their investment strategies.

Positive investment returns were achieved for a second consecutive year despite continued volatility in financial markets and concerns about the global market recovery.

Performance of New South Wales Government Superannuation Entities

The graph below illustrates New South Wales Government superannuation funds investment returns over the past five years. It highlights the impact of the global financial crisis, particularly for funds with higher allocations to growth assets.



Source: Fund Annual Reports and Fund Trustee/Administrators.

The majority of funds are invested in growth strategies and for comparability purposes, only the investment returns for funds invested in a growth strategies are shown above. Prior to the global financial crisis, New South Wales Government superannuation funds had investment returns up to 17.9 per cent. This contrasts with negative investment returns of 18.4 per cent at the peak of the global financial crisis in 2008–09. Investment returns for the current year to 30 June 2011 were up to 12.8 per cent.

Trustees of superannuation funds monitor their fund's short term performance by comparing their returns to the median manager. The New South Wales Government's three main defined benefit funds recorded gains in 2010–11. The three main defined benefit funds' annual investment returns over the past two years were:

Fund	Fund Annual Return (%)		Median Manager Return (%)		Quartile Ranking	
Year ended	2011	2010	2011	2010	2011	2010
STC Pooled Fund (a)	8.9	9.5	8.3	11.0	2	3
EISS Pool B (b)	10.6	10.6	9.4	10.5	2	2
PCSF (c)	12.8	14.5	9.6	11.5	1	1

Source: Fund Trustee/Administrator

a Median manager in Mercer Employer Superannuation Balanced Growth Survey.

b Median manager in Super Ratings Pty Ltd.

c Median manager in Russell Universe of Australian Balanced Portfolios.

Triennial Actuarial Valuation

The New South Wales defined benefit funds legislation requires a triennial actuarial review to investigate each fund's financial position. The review makes recommendations to the New South Wales Government regarding the level of contributions employer agencies should make. Due to the complexity and significance of the assumptions used, actuarial expertise is required to calculate members' accrued benefits. Additionally, annual actuarial solvency calculations are undertaken to monitor the fund's financial strength.

Actuarial estimates involve many assumptions and judgements, such as future investment earnings. The following table summarises some of the key economic assumptions from the most recent actuarial review of the New South Wales Government's three main defined benefit funds.

Actuarial assumptions (% per annum)	STC Pooled Funds(a)	Energy Industries(a)	PCSF(b)
Investment rate of return (c)			
- asset backing pension liabilities	8.3	7.0	7.5
- other	7.3	--	6.6
Salary increase rate	4.0	4.0	4.0
CPI increase rate	2.5	2.5	2.5

Source: Fund's Triennial Actuarial Reviews.

a Most recent actuarial review completed for the year ended 30 June 2009.

b Most recent actuarial review completed for the year ended 30 June 2008.The 30 June 2011 review is not yet complete.

c The actuary takes into account asset allocations which are different from fund to fund.

It is important to recognise that there may be significant differences between an actuarially projected amount and the actual outcome. Actual investment earnings, increases in pensions and members' salaries, and the flow of employer contributions all impact the actual unfunded liability. Any assessment of the accuracy of assumptions used can only be carried out in hindsight.

At 30 June 2011, the New South Wales Government's three main defined benefit funds had an unfunded liability of $20.4 billion. This means, the accrued benefits to members exceeded the net assets available to pay members by $20.4 billion. Unfunded liabilities are the difference between the funds' net assets and members' accrued superannuation benefits. This poses significant challenges for the New South Wales Government, because whilst members' benefits are not impacted by market volatility, the impact on the associated unfunded liabilities is borne by the government.

A long-term target of the *Fiscal Responsibility Act 2005* is to eliminate Total State Sector unfunded superannuation liabilities by 30 June 2030. The 2011–12 budget papers state employer contributions are intended to meet benefit payments and provide sufficient assets over time to fully fund superannuation liabilities by 2030. These funding arrangements are reviewed every three years as part of the triennial actuarial review. The 2011–12 budget papers state this funding plan ensures liabilities are met without unnecessarily diverting financial resources away from core government services such as health, education and transport.

Valuation of defined benefit liabilities under AASB 119 and AAS 25

Differences between valuation methods highlight unfunded liabilities could rise by $16.0 billion should funds not achieve their long-term expected rate of returns

Defined benefit liabilities are measured using two different approaches:

- AAS 25 Financial Reporting by Superannuation Plans – this is used by superannuation funds to determine the funds required to discharge the cash payment obligations
- AASB 119 Employee Benefits – this is used by employers to measure the same liabilities for financial statement reporting purposes.

The two approaches can produce significantly different results. Under the current low interest rate environment, the approach under AASB 119 usually yields a higher unfunded liability.

The table below illustrates the effect on the unfunded liability of using different discount rates under the two measurement approaches for the New South Wales Government's three main defined benefit funds. The variances between the two measurement approaches highlight the significance of the government's three main defined benefit funds achieving their long-term expected rates of return. Currently there are insufficient assets to meet fund liabilities totaling $20.4 billion. However, this could rise to $36.5 billion should the funds not achieve their long-term expected rates of return and only achieve a risk free rate equivalent to the government bond rate, as shown below.

Summary	**AAS 25 – Superannuation Funds**	**AASB 119 - Employers**
Discount rate	Expected long-term after tax investments earnings rate	Government bond rate
Discount rate used at 30 June 2011	Between 7–8.3 per cent	5.28 per cent
Unfunded liability at 30 June 2011	$20.4 billion	$36.5 billion.

Outsourcing

Superannuation has a high level of outsourcing, particularly in the areas of investments, custody and administration. Trustees appoint an independent organisation as custodian to hold the assets of the fund and perform certain administrative, accounting, monitoring and reporting functions. Investment fund managers are also appointed to invest and manage assets in accordance with an investment management agreement.

In 2010–11, the three major New South Wales government controlled defined benefit superannuation funds paid $139 million ($140 million in 2010) to outsourced service providers which included $45.0 million ($43.0 million in 2010) in scheme administration expenses and $94.0 million ($97.0 million in 2010) in investment related expenses.

The services provided were:

Superannuation Fund	Custodian	Administrator	No. of Investment Fund Managers
Defined benefit superannuation funds			
STC Pooled Funds	JP Morgan, Chase	Pillar Administration	38
EISS	JP Morgan, Chase	FuturePlus Financial Services Pty Limited	15
PCSF	NAB	Pillar Administration	10
Other superannuation funds			
State Super Financial Services	Not applicable	Not applicable	18[1]
State Super Retirement Fund	JP Morgan, Chase	State Super Financial Services	Not applicable[2]
State Super Investment Fund	JP Morgan, Chase	State Super Financial Services	Not applicable[2]
State Super Fixed Term Pension Plan	Deutsche Bank AG	State Super Financial Services	Not applicable[3]
NSW Fire Brigades Firefighting Staff Death and Disability Superannuation Fund	Not applicable	Equity Investment Management Limited	Not applicable[4]

1 State Super Financial Services appoints fund managers which manage the different products offered including State Super Retirement Fund, State Super Investment Fund and State Super Fixed Term Pension Plan.

2 The fund does not manage investments or appoint fund managers.

3 State Super Fixed Term Pension Plan closed for applications on 19 September 2004 and no longer receives contributions. The fund invests in two products developed by Deutsche Bank AG, who also act as the custodian.

4 The fund does not manage investments or appoint fund managers. Contributions received fund operating expenses and insurance cover. Benefits are provided via insurance arrangements.

Other Information

Review of AAS 25 financial reporting by superannuation plans

Recommendation

I again recommend New South Wales public sector superannuation funds review the proposed standard which now looks to be applicable for the year ending 30 June 2014 and ensure:

- financial reporting issues are identified
- a process to report comparative information is available
- controlled entities' financial statements are available in correct form and content
- systems are reconfigured to enable financial information extraction where needed.

The Australian Accounting Standards Board is reviewing the accounting standard for reporting by superannuation entities, AAS 25 Financial Reporting by Superannuation Plans. It issued Exposure Draft (ED) 179 Superannuation Plans and Approved Deposit Funds for industry consultation. The proposed changes to financial reporting are expected to provide greater transparency across the industry. The financial position, performance and risks of superannuation funds are increasingly attracting public interest because of volatility in investment markets, concerns about retirement savings, management of unfunded liabilities, the impact of an ageing population and longevity on funds' abilities to pay pensions at the current retirement age.

An expected mandatory application date for the year ending 30 June 2014 is now likely. New South Wales Government controlled superannuation funds' trustees continue to monitor these financial reporting developments. Refer to the 2010 Superannuation Industry Overview for a summary of the major changes proposed in ED 179 that will impact New South Wales Government superannuation funds.

Background

All the New South Wales Government's superannuation funds are statutory bodies. They have common objectives of:

- supporting the future well-being of members by delivering up-to-date superannuation benefits and high quality service
- helping members make informed decisions by providing relevant and up-to-date superannuation information
- engaging stakeholders in productive dialogue
- providing optimal investment returns to employers and members.

Superannuation Funds

SAS Trustee Corporation Pooled Fund

SAS Trustee Corporation Pooled Fund is a reporting entity which consists of the following schemes:

- State Superannuation Scheme (SSS)
- State Authorities Superannuation Scheme (SASS)
- State Authorities Non-contributory Superannuation Scheme (SANCS)
- Police Superannuation Scheme (PSS).

The schemes are closed to new members. All schemes are combined and invest through one fund, the Pooled Fund. At 30 June 2011, it had 58,842 active members.

Comment on the SAS Trustee Corporation Pooled Fund is included elsewhere in this Report.

Energy Industries Superannuation Scheme

Energy Industries Superannuation Scheme is a reporting entity which consists of two superannuation plans for which separate financial statements are prepared:

- Energy Industries Superannuation Scheme (EISS) – Pool A (accumulation scheme)
- Energy Industries Superannuation Scheme (EISS) – Pool B (defined benefit scheme).

Pool A is open to new members. Pool B is closed to new members. All schemes are combined and invested through one fund, the Energy Investment Fund. At 30 June 2011, it had 20,983 active members. This included 16,430 members in Pool A and 4,553 members in Pool B.

Comment on the Energy Industries Superannuation Scheme is included elsewhere in this Report.

Parliamentary Contributory Superannuation Fund

Parliamentary Contributory Superannuation Fund is a reporting entity which consists of a superannuation scheme for members of the Legislative Council and the Legislative Assembly. At 30 June 2011, it had 47 active members.

Comment on the Parliamentary Contributory Superannuation Fund is included elsewhere in this Report.

Crown Employees (NSW Fire Brigades Firefighting Staff Death and Disability) Superannuation Fund

The Crown Employees (NSW Fire Brigades Fire Fighting Staff Death and Disability) Superannuation Fund is a fund established to facilitate death and total and permanent incapacity benefits to firefighting employees of the NSW Fire Brigades.

Financial Planning and Fund Management Services

State Super Financial Services

State Super Financial Services is a company which provides financial planning and funds management services to past and present New South Wales and Commonwealth public sector employees. At 30 June 2011, it had $9.3 billion funds under management. It offers a number of products including State Super Retirement Fund, State Super Personal Retirement Plan, State Super Allocated Pension Fund and State Super Term Allocate Pension Fund and State Super Investment Fund.

Comment on State Super Financial Services is included elsewhere in this Report.

Superannuation Administration Services

Superannuation Administration Corporation (Pillar Administration)

Pillar Administration is a statutory State owned corporation. It administers both public sector superannuation schemes and private sector schemes.

Comment on Pillar Administration is included elsewhere in this Report.

FuturePlus Financial Services Pty Limited (FuturePlus)

FuturePlus provides superannuation and financial services. It was owned 50 per cent by Energy Industries Superannuation Scheme and 50 per cent by Local Government Super. In October 2010, Local Government Super sold its 50 per cent shareholding in FuturePlus to Energy Investment Fund, a wholly owned subsidiary of EISS.

Non-Government Controlled Superannuation Funds

Many New South Wales public sector employees are members of the First State Superannuation Scheme and the Local Government Superannuation Scheme. These Schemes have more than 870,000 members and over $35.0 billion in funds under management.

From May 2006, the First State Superannuation Scheme became a public offer fund under the *Superannuation Industry (Supervision) Act 1993,* which allows it to accept contributions from employees outside the public sector.

Neither scheme is controlled by the New South Wales Government and therefore is not included in this Report.

University Superannuation Funds

The Macquarie University Professorial Superannuation Scheme and University of Sydney Professorial Superannuation System are closed superannuation funds. They manage and invest superannuation assets for those university professors in the respective universities at the time the funds were closed.

These funds are not controlled by the New South Wales Government. I have been requested under the *Public Financial and Audit Act 1983* to be the auditor of these funds.

Other University Professorial Superannuation Schemes, which I do not audit, are:

- The University of New England Professorial Superannuation Fund
- The University of Wollongong Professorial Superannuation Scheme
- The University of New South Wales Professorial Superannuation Fund.

Financial Information

Following are abridged financial statements for the three major New South Wales Government controlled defined benefit superannuation funds.

Funds (Defined Benefit Funds)

Fund	STC Pooled Funds		EISS – Pool B		PCSF		Total	
Year	2011 $m	2010 $m	2011 $m	2010 $m	2011 $m	2010 $m	2011 $m	2010 $m
Abridged Statement of Changes in Net Assets (year ended 30 June)								
Net assets available at beginning of financial year	**30,743.2**	**28,847.7**	**1,790.0**	**1,603.6**	**207.6**	**199.4**	**32,740.8**	**30,650.7**
Total revenue	**3,258.4**	**3,514.7**	**314.0**	**253.1**	**18.3**	**12.9**	**3,590.7**	**3,780.7**
Total expenses	**3,503.1**	**3,382.0**	**150.1**	**101.8**	**23.3**	**21.2**	**3,676.5**	**3,505.0**
Change in net market value of investments	1,780.1	1,936.8	49.4	76.0	9.2	15.9	1,838.7	2,028.7
Income tax benefit/(expense)	(99.2)	(174.0)	(39.4)	(40.9)	0.6	0.6	(138.0)	(214.3)
Net assets available at end of financial year	**32,179.4**	**30,743.2**	**1,963.9**	**1,790.0**	**212.4**	**207.6**	**34,355.7**	**32,740.8**
Abridged Statement of Net Assets (at 30 June)								
Investments	31,993.5	30,680.0	1,944.0	1,761.1	208.3	205.6	34,145.8	32,646.8
Other assets	449.0	418.2	50.1	56.6	6.9	6.4	506.0	481.2
Total assets	**32,442.5**	**31,098.2**	**1,994.1**	**1,817.7**	**215.2**	**212.0**	**34,651.8**	**33,127.9**
Total liabilities	**263.1**	**355.0**	**30.2**	**27.7**	**2.8**	**4.4**	**296.1**	**387.1**
Net assets available to pay benefits	**32,179.4**	**30,743.2**	**1,963.9**	**1,790.0**	**212.4**	**207.6**	**34,355.7**	**32,740.8**

Following are abridged financial statements for New South Wales Government controlled public sector defined contribution superannuation funds.

Funds (Contribution Funds)

Fund	EISS – Pool A		State Super Investment Fund		State Super Retirement Fund		Total	
Year	2011 $m	2010 $m	2011 $m	2010 $m	2011 $m	2010 $m	2011 $m	2010 $m
Abridged Statement of Comprehensive Income (year ended 30 June)								
Total revenue	**389.0**	**321.0**	**32.5**	**36.3**	**4,826.1**	**4,562.6**	**5,247.6**	**4,919.9**
Total expenses	**11.4**	**11.6**	**4.4**	**4.2**	**97.0**	**84.2**	**112.8**	**100.0**
Income tax benefit/(expense)	(26.7)	(24.4)	--	--	8.9	9.9	(17.8)	(14.5)
Benefits accrued as a result of operations after income tax	350.9	285.0	28.1	32.1	4,738.0	4,488.3	5,117.0	4,805.4
Abridged Statement of Financial Position (at 30 June)								
Investments	1,316.9	1,047.1	360.4	352.0	8,520.5	7,434.8	10,197.8	8,833.9
Other assets	39.9	34.9	29.6	25.9	451.4	292.3	520.9	353.1
Total assets	**1,356.8**	**1,082.0**	**390.0**	**377.9**	**8,971.9**	**7,727.1**	**10,718.7**	**9,187.0**
Total liabilities	**15.5**	**14.0**	**14.4**	**8.8**	**41.7**	**34.1**	**71.6**	**56.9**
Net assets available to pay benefits	**1,341.3**	**1,068.0**	**375.6**	**369.1**	**8,930.2**	**7,693.0**	**10,647.1**	**9,130.1**

Section Two

Agencies with Individual Comments

Minister for Finance and Services

Treasurer

Aboriginal Housing Office

Audit Opinion

The audit of the Aboriginal Housing Office's (AHO) financial statements for the year ended 30 June 2011 resulted in an unmodified audit opinion within the Independent Auditor's Report.

Operational Snapshot

The AHO plans, administers and expands the policies, programs and asset base for Aboriginal housing in New South Wales. It recorded a surplus for the year of $109 million largely due to receiving at no cost dwellings valued at $94.6 million from the NSW Land and Housing Corporation. The corporation used monies provided under the Commonwealth Government's National Building Economic Stimulus Plan to construct these dwellings.

Performance Information

The AHO has developed the following targets to measure its performance.

Management of Housing Stock

Actual expenditure on repairs and maintenance is detailed below:

Year ended 30 June	Target	Actual			
	2011	2011	2010	2009	2008
AHO dwellings planned repairs and maintenance ($m)	7.4	9.7	12.8	9.2	7.9
Average cost per AHO dwelling upgraded/repaired ($)	41,111	44,495	38,671	47,917	29,306

Source: Aboriginal Housing Office (unaudited).

Planned maintenance expenses incurred of $9.7 million in 2010–11 were lower than the prior year's $12.8 million, because the AHO received higher funding specifically for repairs and maintenance in 2009–10.

Tenant and Property Management

Net rental income has improved because of higher rents.

Year ended 30 June	Target	Actual			
	2011	2011	2010	2009	2008
Rental income (net of planned property expenses) ($m)	7.1	8.5	5.0	5.3	5.8
Rental income arrears (%)	2.3	2.6	1.5	1.4	1.3

Source: Aboriginal Housing Office (unaudited).

The increase in rental income arrears is due to timing of receipts under the Commonwealth Rental Assistance Program. The AHO anticipates rental income arrears will decline during 2011-12.

At 30 June 2011, the AHO's property portfolio was valued at $1.1 billion (30 June 2010, $956 million) with net annual rental income of $39.7 million ($35.6 million).

Financial Information

Abridged Statement of Comprehensive Income

Year ended 30 June	2011 $'000	2010 $'000
Grants and contributions	61,566	67,879
Rental income	39,691	35,581
Other	96,024	19,563
Total Revenue	**197,281**	**123,023**
Depreciation	8,014	6,584
Personnel expenses	8,653	7,564
Housing program	28,749	41,884
Property expenses	37,964	30,604
Other	4,650	4,401
Total Expenses	**88,030**	**91,037**
Surplus for the Year	**109,251**	**31,986**
Other Comprehensive Income		
Revaluation increment	35,949	11,908
Total Other Comprehensive Income	**35,949**	**11,908**
Total Comprehensive Income	**145,200**	**43,894**

The increase in other income is largely due to the transfer of properties to AHO from the NSW Land and Housing Corporation and Aboriginal community housing providers for nil consideration. The fair value of these properties at the time of transfer was $94.6 million.

Depreciation expense has increased by $1.4 million due to property additions during 2010–11.

There was a $13.1 million decrease in housing program expenses in 2010–11 due to changed arrangements for funding repairs and maintenance. The decline in this program was partly offset by an increase in property expenses of $7.4 million, as part of the National Affordable Housing Agreement.

Abridged Statement of Financial Position

At 30 June	2011 $'000	2010 $'000
Current assets	24,165	41,585
Non-current assets	1,141,396	974,955
Total Assets	**1,165,561**	**1,016,540**
Current liabilities	29,886	21,941
Non-current liabilities	--	4,124
Total Liabilities	**29,886**	**26,065**
Net Assets	**1,135,675**	**990,475**

Current assets decreased by $17.0 million. This was largely due to unrecouped Remote Indigenous Housing National Partnership Program expenditure. While some $55.0 million was spent on this program and on Build and Grow related programs, only $30.0 million was received in 2010–11. The shortfall was funded from cash reserves.

Non-current assets increased due to asset acquisitions of $48.0 million, the $94.6 million receipt of assets transferred free of liability from the NSW Land and Housing Corporation and Aboriginal community housing providers and a $35.9 million increase in the value of existing properties.

AHO's Activities

The AHO's principal functions are to plan, develop, deliver and evaluate programs and services to assist Aboriginal and Torres Strait Islander peoples within New South Wales to meet their housing needs. Other functions relate to registering and funding Aboriginal community housing providers, the power to enter into agreements with registered Aboriginal community housing providers, and the management of property owned by the AHO.

The AHO 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 AHO, refer to www.aho.nsw.gov.au.

City West Housing Pty Limited

Audit Opinion

The audit of the City West Housing Pty Limited's (the Company) financial statements for the year ended 30 June 2011 resulted in an unmodified audit opinion within the Independent Auditor's Report.

Operational Snapshot

The Company received rent and developer contributions of $11.2 million in 2010–2011, which it used to primarily provide and manage residential affordable housing in Ultimo-Pyrmont and the Green Square area of South Sydney.

Performance Information

At 30 June 2011, the performance against its long-term affordable housing development program targets was:

Location	Long-term target units*	Completed units	% of target
Ultimo-Pyrmont	600	445	74.3
Green Square	216	102	47.2

Source: City West Housing Pty Limited (unaudited).

* The long term target for Ultimo-Pyrmont is 30 years from 1994 to 2024; Green Square is 20 years from 2004 to 2024.

The Company had 547 residential units at 30 June 2011. This included 445 units in Ultimo-Pyrmont, accommodating 850 people and 102 units in Green Square, accommodating 185 people. During the year construction of 57 residential units was completed and they were tenanted.

The average cost of construction is based on all developments completed from 1995 to 2011. In 2010–11, the average cost of construction was approximately $253,000 per unit (2009-10, $243,000 per unit). One development was completed in 2010–11 and the average cost per unit was $337,000.

The Company reported a 99 per cent average occupancy in 2011 and 2010. There are currently 419 applicants on its eligibility waiting list.

Accommodation is allocated to eligible applicants according to need. Eligibility is determined by an applicant's:

- gross household income and financial circumstances
- connections to the local area
- current housing adequacy and suitability
- need for long-term housing in the local area
- Australian residency.

Rent charges paid by tenants are determined having regard to annual household income. At six-month intervals, tenants are reassessed to ensure they still meet eligibility requirements and are charged appropriate rents. Bad debts represent 0.1 per cent of rent charges for 2010–11.

Other Information

Future Developments

The Company receives developer contributions under the Sydney Local Environmental Plan 2005 as part of the City West Affordable Housing Program.

The Company continued its plan for a further development in South Sydney, which is expected to yield 97 units and is scheduled to be completed by 2014. It has also commenced negotiations to develop land in Glebe. This site is expected to yield approximately 94 units and is also scheduled to be completed by 2014.

Financial Information

Abridged Statement of Comprehensive Income

Year ended 30 June	2011 $'000	2010 $'000
Developer contributions	5,314	4,549
Rental income and tenants' contributions to outgoings	5,890	5,502
Investment income	3,534	2,256
Grant income	1,376	7,817
Total Revenue	**16,114**	**20,124**
Depreciation	4,146	3,762
Property outgoings and maintenance	1,808	1,755
Employee benefits	621	459
Other	213	209
Total Expenses	**6,788**	**6,185**
Surplus	**9,326**	**13,939**
Other Comprehensive Income		
Gain on revaluation of property, plant and equipment	6,237	34,969
Total Other Comprehensive Income	**6,237**	**34,969**
Total Comprehensive Income	**15,563**	**48,597**

The fall in total revenue was due mainly to the reduced grant from the National Employment Stimulus Package.

A full revaluation of land and buildings was conducted in 2009–10. This year a gain on revaluation of $6.2 million was recognised for one property completed in November 2010.

Abridged Statement of Financial Position

At 30 June	2011 $'000	2010 $'000
Cash and investments	69,248	56,997
Property, plant and equipment	254,856	251,415
Other	336	1,390
Total Assets	**324,440**	**309,802**
Trade and other payables	407	1,342
Employee benefits	225	215
Total Liabilities	**632**	**1,557**
Net Assets	**323,808**	**308,245**

The Company's significant cash and investments are being held to fund its capital program.

At 30 June 2011, the Company had units rented to tenants valued at $255 million ($238 million at 30 June 2010) with an average fair value of $466,000 per unit ($474,000).

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.

The key aim of affordable housing is to maintain socially diverse communities by providing housing to people who are unable to compete in the existing private housing market. By contrast, social housing (also known as public housing) is provided to people on low incomes who are unable to obtain affordable housing.

Ownership vests with government by holding the Company's only ordinary shares. 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.

Department of Finance and Services

The former Department of Services, Technology and Administration was restructured and renamed the Department of Finance and Services

The Department reported a net cost of services of $202 million

The Department is still addressing the limitations identified within the Government Property Register

Audit Opinion

The audits of the Department of Finance and Services (the Department) and its controlled entities' financial statements for the year ended 30 June 2011 resulted in unmodified audit opinions within the Independent Auditor's Reports.

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

Operational Snapshot

In April 2011, the former Department of Services, Technology and Administration was renamed the Department of Finance and Services and restructured through an Administrative Order. The Department now includes the former Office of State Revenue, the Land and Property Information business of the former Land and Property Management Authority (LPMA) and the grant responsibilities of the former Office of Water.

Key Issues

Government Property Register (Repeat Issue)

Recommendation

The Department complete the redevelopment of the Government Property Register strategic framework and resolve identified limitations as a matter of urgency, so that it becomes a complete and reliable record of all New South Wales property assets.

Recommendation

In 2010 I recommended:

- the Department develops a strategic framework to guide the future maintenance, development and use of the Government Property Register
- the limitations identified in the Government Property Register be resolved so that it becomes a complete and reliable record of all New South Wales Government property assets
- the Department continues to work with agencies experiencing difficulty finalising 2010 annual reconciliations of the GPR with agency records, to ensure a complete reconciliation is achieved as soon as possible.

The Department has advised that LPI is commencing a major redevelopment of the GPR Strategic Framework to enhance the systems management and planning capacity. Work continues on resolving those areas of limitation in the GPR focusing on the primary causes and dealing firstly with the causes affecting property ownership. In 2010, an automated reconciliation report was developed and further system enhancements to improve the accuracy of the register are due to be finalised by early 2012.

Government Licensing Project

Recommendation

The Department and other intended users of the Government Licensing System (GLS) develop and enforce rigorous project management and data migration standards to ensure effective operation of the system before 'going live'.

During 2011, the Government Licensing Service (GLS) developed new services for the boating community, construction workers, registered training providers, disabled people, young people being enrolled to vote, animal keepers, wildlife importers and exporters and people holding special events.

Implementing the GLS at NSW Maritime was problematic. My review at NSW Maritime identified significant deficiencies in procedures and controls intended to ensure system functionality and data reliability before 'going live'.

Performance Information

The Department has the following key divisions:

- Government Services comprising NSW Procurement, Corporate and Shared Services Reform Program, ServiceFirst, StateFleet and ICT Strategic Delivery
- NSW Fair Trading
- NSW Public Works
- Policy and Strategy
- Office of State Revenue
- Land and Property Information.

Government Services

NSW Procurement

The State Contracts Control Board (SCCB) is responsible for arranging the supply of goods and services to New South Wales Government agencies. Contracts are awarded to selected suppliers for specific time periods to supply goods and services. Premier's Memorandum 2006–11 'Procurement Reforms' requires all agencies, except State owned corporations, to use SCCB contracts. Expenditure through SCCB contracts in recent years and related estimated cost savings are shown below.

Year ended 30 June	Target	Actual			
	2011	2011	2010*	2009	2008
SCCB contracts ($m)	3,900	3,726	3,675	3,578	3,640
Savings from Whole of Government contracts ($m)	335	225	323	360	330

Source: Department of Finance and Services (unaudited).

Government Licensing Project

The Government Licensing Project is an information technology project that crosses over a number of New South Wales licensing agencies. The project deliverable is a government licensing system that standardises and simplifies licensing processes of all licensing agencies, except the Roads and Traffic Authority. The project started in 2001 and was expected to be running in all relevant agencies by 2005. The Department now expects full implementation by 2014.

The number of licences administered by the Department in recent years appears below:

Year ended 30 June	Target	Actual			
	2011	2011	2010*	2009*	2008*
Government licences administered through the GLS ('000s)	3,200	4,700	2,100	1,700	1,160

Source: Department of Finance and Services (unaudited).

Shared Corporate Services

The Department provides corporate services to other government agencies via ServiceFirst.

My audit engagement to report on internal controls operating within ServiceFirst during the 2010-11 financial year resulted in an unqualified Independent Service Auditors' Assurance Report.

New governance arrangements established to drive the government's ICT reform program

NSW Fair Trading

NSW Fair Trading promotes a fair marketplace for consumers and traders.

During the year, NSW Fair Trading answered 1,132,810 telephone enquiries, 90 per cent of which were answered within Fair Trading’s Guarantee of Service standard. The Fair Trading website is a comprehensive source of information for consumers and traders and its use grew to 4,507,231 visits in 2010–11.

A total of 39,595 consumer complaints were received, of which 30,223 related to general fair trading issues, 7,014 home building issues and 2,358 real estate issues. Of these, 89 per cent were successfully resolved.

NSW Public Works

NSW Public Works helps other government agencies and local government plan, design, deliver and maintain building and infrastructure projects. NSW Public Works provides professional engineering, architectural and project management services.

The Department advises that the NSW Public Works division managed more than $1.0 billion of capital projects, achieving a client satisfaction rating of 83.1 per cent, against an industry standard of 75 per cent.

Performance indicators used by the Department to evaluate the division include:

Year ended 30 June	Target	Actual			
	2011	2011	2010	2009	2008
Projects managed – completed on time (%)	85	92	92	93	92
Projects managed – completed within budget (%)	85	95	92	87	90

Source: Department of Finance and Services (unaudited).

Policy and Strategy

Whole of Government Information and Communications Technology (ICT) Strategy

In June 2011, the government established new governance arrangements to drive the government's ICT reform agenda through a new whole of government ICT Strategy. An ICT Board has been established comprising Directors General of key departments, supported by an ICT Advisory Panel with industry members, and a government ICT Leadership Group.

NSW Industrial Relations

NSW Industrial Relations communicates and enforces workplace regulation to ensure the rights of workers and employers are protected and obligations are met. Performance indicators used by the Department to evaluate the division include:

Year ended 30 June	Target	Actual			
	2011	2011	2010	2009	2008
Fair and Productive Workplaces					
Enquiries and complaints satisfactorily resolved within targeted time frames (%)	85	85	89	87	89

Source: Department of Finance and Services (unaudited).

Enquiries and complaints satisfactorily remain within targeted timeframes.

Metropolitan Water

In September 2010, the Metropolitan Water Directorate launched the 2010 Metropolitan Water Plan. This four-year plan was developed to set out how the government will secure greater Sydney's water supplies and help protect river health. The plan focuses on four major areas: dams, recycling, desalination and water efficiency to secure supplies to 2025 and beyond. Key performance indicators include:

Key Performance Indicators Year ended 30 June	Target	Actual			
	2011	2011	2010	2009	2008
Total volume of water recycled in Sydney	**54 GL**	**51 GL**	**33 GL**	**27 GL**	**26 GL**
Amount of water saved through improved water efficiency in Sydney	112 GL	118 GL	104 GL	76 GL	64 GL

Source: The Department of Finance and Services (unaudited).

There has been a steady increase in the volumes of water recycled and saved and Metropolitan Water are on track to reach the NSW 2012 State Plan targets of 145 billion litres of water saved and 70 billion litres of water recycled a year by 2015.

Office of State Revenue

The Department uses key performance indicators to measure its effectiveness and efficiency at collecting taxes, fees and fines for the government, including:

Key Performance Indicators Year ended 30 June	Target	Actual			
	2011	2011	2010	2009	2008
Revenue collected as a percentage of budget (%)	>98.0	100	106	107	107
Cost to collect $100 of tax revenue ($)	0.5	0.5	0.6	0.6	0.6
Cost to collect $100 of fine revenue ($)	<12.8	12.7	11.7	11.0	10.8
Total overdue tax debt as a percentage of total revenue (%)	**<1.5**	**1.5**	**1.4**	**1.5**	**1.0**

Source: Department of Finance and Services (unaudited).

Revenue collected as a percentage of budget shows the Departments' performance in collecting all revenue due to the government.

The increase in cost to collect $100 of fine revenue was due to the State Debt Recovery Office's (SDRO) initiatives and strategies to improve collectability.

The increase in total overdue tax debt as a percentage of total revenue reflects the difficulties some businesses and individuals have been experiencing in meeting obligations during the economic downturn.

Administered Activities

The following table details taxes, fees and fines administered by the Department:

Year ended 30 June	2011 $m	2010 $m	2009 $m	2008 $m	2007 $m
Payroll tax	7,276	7,049	7,212	7,044	6,440
Duties	5,481	5,183	4,108	5,540	5,952
Land tax	2,323	2,335	2,289	1,968	2,066
Gaming and racing	1,617	1,347	1,217	1,172	1,270
Fines	335	331	296	275	244
Other	1,153	1,054	964	998	857
Total	**18,185**	**17,299**	**16,086**	**16,997**	**16,829**

Variations in payroll tax revenue reflect employment growth.

Duties increased in 2010–11 due to a rise in the number of properties sold for more than $600,000 and increased revenue from large commercial transactions (duty greater than $1.0 million per transaction). The cyclical recovery in the property market emerged in 2009–10 and continued in 2010–11, but at a slower pace.

Lotteries duty increased from $104 million in 2009–10 to $307 million in 2010-11

The increase in gaming and racing revenue was primarily due to the Department's responsibility for collecting lotteries duty from March 2010. Lotteries duty recognised by Department in 2010–11 was $307 million compared to just $104 million in 2009–10.

Fines revenue fell due to the slower than expected roll out of mobile speed cameras and revised placement of warnings to motorists

The fall in fines revenue was due to a slower than expected roll-out of mobile speed cameras and revised placement of warnings to motorists.

Large Duties Transaction

I previously reported a one-off tax assessment in 2006–07 was subject to appeal and is before the Supreme Court of New South Wales. This duties transaction and related accrued interest, totalling $557 million as at 30 June 2011, was recognised in administered revenue and receivables. The receivable was impaired by $143 million in 2010–11.

The outcome of the appeal against tax assessment could impact the State's future budget result

The outcome of the appeal could impact the State's future budget result.

Land and Property Information (LPI)

The Land and Property division covers the provision of titling, valuation, surveying, mapping and spatial services to the people of New South Wales on a commercial basis. These services underpin the property industry of New South Wales, which represents over 30 per cent of the New South Wales GDP and includes the statutory functions of the Registrar General, Surveyor General and Valuer General. The division's performance indicators include:

Key Performance Indicators Year ended 30 June	Target	Actual			
	2011	2011	2010	2009	2008
Total valuations completed (millions)	**2.5**	**2.4**	**2.4**	**2.4**	**2.4**
Documents registered	710,000	719,000	781,000	730,000	799,000
Plans registered (millions)	10,000	9,948	9,776	10,192	10,782

Source: The Department of Finance and Services (unaudited).

Torrens Assurance Fund

The Torrens Assurance Fund was established to meet claims from landholder losses arising from fraud or error in title registration. It is funded by a $4 fee to the Registrar General for any land dealing lodged. Fees charged raised $2.9 million in 2010–11 ($3.1 million) for the fund. The Torrens Assurance Fund levy was paid into the Consolidated Fund under the new arrangements in 2010–11.

The Registrar General paid $2.1 million ($3.5 million) in claims during the year from the fund, including compensation payments and disbursements, such as legal counsels' fees.

At 30 June 2011, there were 29 (19) unresolved claims with a total estimated value of $5.2 million ($11.4 million).

Other Information

Corporate Governance

The Department is supported by an Audit and Risk Committee in accordance with Treasury's Internal Audit and Risk Management Policy for the NSW Public Sector (Policy and Guidelines Paper TPP09-05). A number of subcommittees exist to perform this role for various related entities in the cluster.

A review of governance arrangements and reporting is underway relating to the entities transferred to the Department in April 2011

Independent Commission Against Corruption Investigation

The Independent Commission Against Corruption (ICAC) investigated allegations of corrupt conduct within Sydney Water Corporation's Plumbing Inspection and Assurance Service, which was transferred to NSW Fair Trading and the Department during 2009–10.

ICAC released its findings during March 2011. The Department has advised that two department officers were the subject of allegations in the inquiry. One officer was found to have engaged in corrupt activity and has since been dismissed. ICAC did not make a finding of corrupt conduct against the second officer. However, that officer has since resigned.

Natural Disaster Relief Arrangements

The Department also administered the Natural Disaster Relief Arrangements for Treasury, providing financial assistance to local councils with assets damaged by declared natural disasters. Twenty seven grant offers valued at $13.6 million were recommended for approval in 2010–11, and 53 payments amounting to $9.9 million were made under the program for disasters that occurred during the year or in previous years where works were still eligible for payments.

Financial Information

The comparative figures in the Statement of Comprehensive Income and Statement of Financial Position relate to the 2009–10 figures of the former Department of Services, Technology and Administration only.

Abridged Statement of Comprehensive Income

Year ended 30 June	Consolidated		Department	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Employee related expenses	406,669	348,605	401,808	343,979
Depreciation and amortisation	189,448	190,335	187,609	189,015
Other operating expenses	309,666	179,593	301,451	174,449
Book value of motor vehicles sold	123,580	127,805	123,580	127,805
Finance costs	34,028	37,481	33,704	37,255
Government Radio Network expenses	23,188	23,124	23,188	23,124
Operating Expenses	1,086,579	906,943	1,071,340	895,627
Motor vehicle leasing	206,785	215,584	206,785	215,584
Project and asset management services	205,465	208,414	205,465	208,414
Other services	237,257	168,780	221,589	157,426
Proceeds from sales of motor vehicles	152,009	155,553	152,009	155,553
Retained taxes, fees and fines	58,245	44,979	58,245	44,979
Investment and other revenue	34,750	26,707	34,621	26,653
Operating Revenues	894,511	820,017	878,714	808,609
Other losses	9,439	3,528	9,439	3,528
Net Cost of Services	**201,507**	**90,454**	**202,065**	**90,546**
Government contributions	198,904	85,491	198,904	85,491
Deficit Before Tax	**2,603**	**4,963**	**3,161**	**5,055**
Deferred tax benefit	96	54	--	--
Deficit for the Year	**2,507**	**4,909**	**3,161**	**5,055**
Outside equity interest	281	63		--
Other Comprehensive Income				
Superannuation actuarial gains /(losses)	7,377	(49,136)	7,377	(49,136)
Net increase in Asset Revaluation Reserve	3,103	--	3,103	
Total Comprehensive Income	**7,692**	**(54,108)**	**7,319**	**(54,191)**

Abridged Statement of Financial Position

At 30 June	Consolidated		Department	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Current assets	833,891	794,738	828,925	790,827
Non-current assets	891,927	713,413	885,777	708,437
Total Assets	**1,725,818**	**1,508,151**	**1,714,702**	**1,499,264**
Current liabilities	714,530	688,474	710,205	685,186
Non-current liabilities	614,542	448,460	610,884	445,340
Total Liabilities	**1,329,072**	**1,136,934**	**1,321,089**	**1,130,526**
Net Assets	**396,746**	**371,217**	**393,613**	**368,738**

Cash at 30 June 2011 includes $28.7 million ($44.9 million) held in the Motor Vehicle Reserve account to manage and fund risks arising from the government's motor vehicle fleet operations (StateFleet). The cash balance fell because $50.0 million relating to motor vehicle sales was repaid to the Crown. The Department has borrowings of $544 million ($541 million) from New South Wales Treasury Corporation to fund StateFleet operations. These borrowings comprise current and non-current portions. StateFleet motor vehicles are included in non-current assets.

Aggregate employee benefits and related on-costs of $172 million ($97.9 million) are included in liabilities. The increase is mainly due to the administrative restructure during the year.

The net effect of the administrative restructure was a $17.5 million increase in net assets/equity.

Abridged Service Group Information

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

Year ended 30 June	2011	
	Actual Net Cost of Services $'000	**Actual Net Assets $'000**
Fair Trading	24,564	198,518
Public Works and Services	(26,963)	8,043
Government Services	52,024	111,033
Policy and Strategy	76,878	59,015
Land and Property Information	28,148	(48,664)
Office of State Revenue	36,651	54,409
Personnel Services	10,763	--
Not attributable	--	11,259
Total all service groups	**202,065**	**393,613**

Department's Activities

On 4 April 2011, the Department of Services, Technology and Administration was renamed as the Department of Finance and Services pursuant to the *Public Sector Employment Management (Departments) Order 2011,* as amended by the *Public Sector Employment Management (Departments and Ministers) Order 2011*. The order also had the effect of including Land and Property Information (formerly part of the former Land and Property Management Authority), the Office of State Revenue (formerly part of Treasury) and a number of other staffing groups and functions. These changes were a result of a restructure of New South Wales government agencies. The Department of Finance and Services is a service provider, regulator and central agency of government. It is responsible for supporting sustainable government finances, major public works and maintenance programs, government procurement, information and communications technology, corporate and shared services, consumer protection, workplace relations, administration of State taxation and revenue collection, New South Wales land and property administration services and metropolitan water policy.

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

Controlled Entities

The Department has two controlled entities.

The New South Wales Government Telecommunications Authority is a dormant entity. In October 2010, the government decided to transfer the Government Radio Network to the Authority. Details of the transfer and implications for the Authority are expected to be finalised during 2011–12. The purpose of the network is to provide a state wide whole-of-government radio network. The network supports over 40 government agencies including emergency services.

Comment on Australian Centre for Advanced Computing and Communications Pty Limited appears elsewhere in this volume.

Energy Industries Superannuation Scheme

Audit Opinion

The audit of the Energy Industries Superannuation Scheme and its controlled entity's financial statements for the year ended 30 June 2011 resulted in unmodified audit opinions within the Independent Auditor's Reports.

The Energy Industries Superannuation Scheme is exposed to significant risk resulting from major changes to its administrator, FuturePlus

Operational Snapshot

The Scheme is a $3.0 billion superannuation fund for New South Wales Energy Industries employees' superannuation benefits as follows:

Fund	Fund type	Members
EISS Pool A	Accumulation	16,430
EISS Pool B	Defined benefit	4,553

The following commentary relates to the consolidated entity Energy Industries Superannuation Scheme Pool A and Energy Industries Superannuation Scheme Pool B (the Schemes).

Key Issues

Ownership of FuturePlus

Recommendation

The Treasurer should review the complex structure of the Energy Industries Superannuation Scheme and associated entities to ensure an efficient structure that minimises operational risks to its members. This may include mergers in line with the proposed superannuation regulatory reforms.

EISS may need to provide funding to FuturePlus to support infrastructure investments to comply with the proposed Stronger Super regulatory reform

FuturePlus, the administrator of the Schemes, was owned in equal proportions by Energy Industries Superannuation Scheme Pty Limited (EISS) and the trustee of the Local Government Superannuation Scheme (LGSS). In October 2010, LGSS sold its 50 per cent shareholding in FuturePlus to Energy Investment Fund (EIF), a wholly owned subsidiary of EISS.

Following the sale, there were significant structural and staffing changes in FuturePlus including changes at the executive level. The loss of key staff presents a significant risk to EISS which requires careful management.

The Australia Prudential Regulatory Authority (APRA) in a report to the EISS trustee, highlighted the need to:

- seek analysis and assurance from FuturePlus, as a key service provider, that demonstrate their ability to continue to provide services in accordance with the service level agreement, and
- conduct an adequate level of analysis on the risk tolerance to its continued investment in FuturePlus.

Performance Information

The Schemes' 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 investment returns. The member benefits in Pool B, the defined benefits scheme, are not affected significantly by scheme performance because benefits are mainly determined by the member's length of service and final salary.

Pool A's annual returns for the superannuation product over the last four years were:

Pool A – Accumulation Scheme

Year ended 30 June	2011 Median Manager % (b)	2011 % (a)	2010 % (a)	2009 % (a)	2008 % (a)
High growth	9.4	10.4	11.1	(19.5)	(12.2)
Diversified	8.2	9.1	10.5	(14.6)	(8.7)
Balanced	7.5	7.8	11.7	(10.4)	(5.2)
Capital Guarded	6.3	6.7	10.2	(5.9)	(1.4)
Cash	4.3	4.0	4.5	4.7	5.3

a Source: Trustee.
b Source: Super Ratings Pty Ltd.

EISS Pool A achieved better investment returns than the median manager for 2011 in all its asset classes except cash.

Pool B's annual returns over the last four years were:

Pool B – Defined Benefits Scheme

Year ended 30 June	2011	2010	2009	2008
Return % [a]	10.6	10.6	(17.3)	(8.6)
Median manager % [b]	9.4	10.5	(14.6)	(9.5)
Fund quartile rank	2.0	2.0	3.0	2.0

a Source: Trustee.
b Source: 2011, 2010, 2009, and 2008 - Super Ratings Pty Ltd for Diversified Funds.

The EISS Pool B return in 2011 is primarily driven by a large weighting of Australian and International equity investment vehicles as a proportion of the total portfolio.

The vested benefits of Pool B were $1.6 billion at 30 June 2011 ($1.5 billion at 30 June 2010). Net assets available to pay benefits were $2.0 billion ($1.8 billion) resulting in a vested benefit index ratio of 126 per cent (123 per cent). The Trustee continues to monitor the financial solvency of the Schemes.

Other Information

Actuarial Review

The Fund's legislation requires an actuarial review of the Fund every three years. The last review was completed during 2009-10 in respect of 30 June 2009. The report found there was an unfunded superannuation liability in accrued benefits of $261 million. The next actuarial review will be performed for the year ending 30 June 2012.

Change in Management Structure

The Chief Executive Officer (CEO) role of EISS was created during the year and the position was filled by the former CEO of FuturePlus.

In June 2011, a plan for an in-house management structure at EISS was endorsed by the Trustee Board of EISS. This structure included the appointment of an:

- Investment Manager
- Executive Manager-Employer and Member Services
- Executive Manager-Operations.

The governance team was expanded to comprise the Fund Secretary supported by a Risk Manager and a Compliance Manager.

Prior to the change in structure, the Fund Secretary was the sole executive employee of EISS and the main conduit between the Trustee Board and FuturePlus.

The expanded management team is intended to allow the EISS to better control its strategic direction, core functions and risks.

Financial Information

Abridged Operating Statement – Pool A

Year ended 30 June	2011 $'000	2010 $'000
Contribution revenue:		
Employers	144,210	128,175
Members	131,979	92,226
	276,189	**220,401**
Investment gain	112,789	100,551
Investment expenses	(2,286)	(2,075)
Net investment gain	**110,503**	**98,476**
Total Revenue	**386,692**	**318,877**
Scheme administration expenses	9,116	9,534
Surcharge expense	3	--
Income tax expense	26,625	24,465
Total expenses	**35,744**	**33,999**
Increase in Net Assets	**350,948**	**284,878**
Benefits paid and payable	77,646	58,471

Total contributions increased in 2011 due to higher transfers in from other funds and more active members in the Scheme compared to 2010.

Benefits paid increased in 2011 due to the volume of benefit payments processed in 2011 compared to 2010 and also the average benefit amount was higher in 2011.

Abridged Balance Sheet – Pool A

At 30 June	2011 $'000	2010 $'000
Investments:		
Short-term securities	445	419
Trusts	1,316,441	1,046,634
	1,316,886	**1,047,053**
Other assets	39,908	34,948
Total Assets	**1,356,794**	**1,082,001**
Liabilities	15,446	14,022
Net Assets Available To Pay Benefits	**1,341,348**	**1,067,979**

Total assets increased in 2011 mainly due to EISS Pool A's investment in the Energy Investment Fund increasing in value by $270 million and continued improvement in market returns to 30 June 2011.

Consolidated Statement of Changes in Net Assets – Pool B

Year ended 30 June	Consolidated		Pool B	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Contribution revenue:				
Employers	154,541	141,684	154,541	141,684
Members	5,118	3,959	5,118	3,959
	159,659	**145,643**	**159,659**	**145,643**
Investment gain	312,993	285,510	203,732	183,512
Investment expenses	(5,326)	(6,062)	(4,253)	(3,905)
Net investment gain	**307,667**	**279,448**	**199,479**	**179,607**
Total Revenue	**467,326**	**425,091**	**359,138**	**325,250**
Benefits paid	136,153	90,305	136,153	90,305
Scheme administration expenses	9,680	7,549	9,680	7,549
Surcharge expense	2	--	2	--
Income tax expense	39,357	40,954	39,357	40,954
Total Expenses	**185,192**	**138,808**	**185,192**	**138,808**
Minority interest	108,188	99,841	--	--
Increase in Net Assets	**173,946**	**186,442**	**173,946**	**186,442**

Employer contributions were higher in 2011 due to additional contributions paid by certain employers, as recommended by the Scheme's actuary, to address the deteriorating net asset position because of the impact of the global financial crisis.

Benefits paid were higher in 2011 because of increased number of retirements and higher average benefit amounts.

Consolidated Statement of Net Assets – Pool B

Year ended 30 June	Consolidated*		Pool B	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Investments:				
Unit trusts	1,976,257	1,890,508	1,943,989	1,761,152
Securities	1,030,788	872,113	--	--
	3,007,045	**2,762,621**	**1,943,989**	**1,761,152**
Other assets	515,200	193,638	50,064	56,560
Total Assets	**3,522,245**	**2,956,259**	**1,994,053**	**1,817,712**
Liabilities	241,358	119,630	30,112	27,717
Minority interest**	1,316,946	1,046,634	--	--
Net Assets Available to Pay Benefits	**1,963,941**	**1,789,995**	**1,963,941**	**1,789,995**

* The consolidated entity comprises Pool B and its subsidiary, the Energy Investment Fund.

** Minority interests represents EISS Pool A's and Chifley Wholesale Fund's interest in the Energy Investment Fund.

Total assets increased in 2011 mainly due to EISS Pool B's investment in the Energy Investment Fund increasing in value by $183 million and continued improvement in market returns to 30 June 2011.

Scheme Activities

The *Superannuation Administration Act 1996* provided for the establishment of two entities to administer New South Wales 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) – employees of certain New South Wales State owned corporations operating in the electricity industry
- Division E (executive scheme) – former members of the Public Sector Executives Superannuation Scheme
- Division F – Account Based Pension and Rollover Plan
- Division N (Electrical Contractors Division) – established for employees 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 provides executive, managerial and administrative service to EISS and its trustee. 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 investment managers.

For further information, refer to www.eisuper.com.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.

Entity Name	**Website**
Energy Investment Fund	www.eisuper.com.au.

Lifetime Care and Support Authority of New South Wales

The liability for people severely injured in motor vehicle accidents in New South Wales is estimated to increase to $4.0 billion by 2016

Audit Opinion

The audit of the Lifetime Care and Support Authority's financial statements for the year ended 30 June 2011 resulted in an unmodified audit opinion within the Independent Auditor's Report.

The Independent Auditor's Report drew attention to significant uncertainty in the valuation of the Authority's provision for participants' care and support services because of the provision's long term nature and limited participants' experience to date. This uncertainty will remain until sufficient participants' experience is available.

Operational Snapshot

The Authority is responsible for administering the scheme which provides lifelong treatment, rehabilitation and attendant care for people severely injured in a motor vehicle accident in New South Wales, regardless of who was at fault.

It is funded by a levy on motor vehicle compulsory third party insurance policies. During 2010–11 it received $403 million in levies and paid $49.0 million ($38.4 million in 2009–10) in participants' care and support expenses. The estimated liability for participants' care and support increased by $407 million to $1.4 billion ($1.0 billion).

Key Issues

Provision for Participant Care

At 30 June 2011, the Authority's liability for participants' care and support services was $1.4 billion ($1.0 billion). The Authority's actuary estimates liabilities will be $4.0 billion by 30 June 2016 based on claim incidence and other assumptions. The majority of claimants sustain spinal cord or severe brain injuries. The Authority pays treatment and care needs expenses, including medical treatment, rehabilitation, respite care, attendant care services, domestic assistance and home and transport modification.

Performance Information

The scheme began for children under 16 years of age on 1 October 2006. It was extended to include adults from 1 October 2007.

Scheme Participants

The scheme has the following actual and projected participants.

At 30 June	Actual		Projected		
	2010	2011	2012	2013	2014
Traumatic brain injury	306	406	494	582	670
Spinal cord injury*	79	119	149	179	209
Other injuries	5	6	8	10	12
Total	**390**	**531**	**651**	**771**	**891**
Represented by:					
Children	46	63	79	95	111
Adults	344	468	572	676	780
Male	269	374	463	545	627
Female	121	157	188	226	264

Source: Lifetime Care and Support Authority of New South Wales (unaudited).

* Includes participants with combined traumatic brain injury and spinal cord injury.

Scheme participants are those with spinal cord injuries, moderate to severe brain injuries, multiple amputations, severe burns or blindness as a result of a motor vehicle accident in New South Wales.

After an application process that includes assessment of injuries meeting specific criteria, participants are accepted on an interim basis. The possibility of recovery and/or ongoing improvement in a participant's condition means they may no longer meet the eligibility criteria after the two year interim period.

Before the end of the interim period, the Authority determines whether interim participants become lifetime participants. Children are subject to alternate interim participant periods so lifetime participation is not assessed before the age of five.

Other Information

Medical Care and Injury Service Levy

The Authority, along with the Motor Accidents Authority, is funded by a levy on Compulsory Third Party (CTP) insurance policies – the Medical Care and Injury Services (MCIS) Levy. The MCIS levy is calculated as a percentage of the insurance premium.

Insurance premiums are set by licensed CTP insurers. The Authority sets the percentage to be applied to premiums for the MCIS levy to ensure it will have sufficient assets to fund the scheme's obligations and its administration costs.

The Authority aims to ensure levy increases remain affordable.

Productivity Commission Inquiry Report – Disability Care and Support

In August 2011, the Productivity Commission Inquiry Report 'Disability Care and Support' was released. It examined the possibility of a national disability and long-term care and support scheme and:

- how the scheme should be designed and funded
- how to determine the people most in need of support, and the services that should be delivered to them
- the costs, benefits, feasibility and funding options
- how the scheme will interact with other social security systems
- how schemes should be introduced and governed
- protections and safeguards of the scheme.

It proposes two separate schemes for disability and long-term care and support:

- National Disability Insurance Scheme (NDIS)
- National Injury Insurance Scheme (NIIS).

The Commission's report noted the current disability support system does not work well and changes are necessary. The changes may have a business impact to the Authority. Under the proposed structure, the NDIS will be a national scheme which will provide insurance cover for all Australians who have a significant and ongoing disability. It will be funded by the Australian Government through payments into a 'National Disability Insurance Premium Insurance Fund'. The NIIS will cover the lifetime and support needs of people who suffer a catastrophic injury from an accident funded from existing insurance premiums.

Current Support Available and Differing Models

Currently, the structure and support available in the various states and territories differs. Some states have no fault motor vehicle accident schemes while others have fault based arrangements.

In New South Wales, the Authority provides treatment, rehabilitation and attendant care services to people severely injured in motor accidents throughout the person's life, regardless of who was at fault in the accident. Bodies with similar arrangements to the Authority include the Tasmanian Motor Accident Insurance Board and the Victorian Transport Accident Commission.

Queensland, the ACT, Western Australia and South Australia have fault-based motor vehicle compensation arrangements. This means someone who suffers a catastrophic injury in a motor accident must successfully sue an at-fault party to get adequate lifetime care and support funding.

The Productivity Commission Findings and Proposals

The main findings and proposals contained in the report are summarised below:

	National Disability Insurance Scheme	National Injury Insurance Scheme
Proposed Structure	**National**	**State-based**
Scheme's objective	To provide insurance cover for all Australians who have a significant and ongoing disability.	To provide lifetime care and support to all people newly affected by catastrophic injury.
Scheme coverage	All Australians will be insured under the scheme.	All causes of catastrophic injuries, including those related to motor vehicle accidents, medical treatment, criminal injury and general accidents will be covered under the scheme.
	Funding is expected to be provided to approximately 410,000 people with significant and ongoing disability.	There will be approximately 900–1000 new cases per year, and approximately 30,000 people are expected to be in the scheme.
Cost	Approximately $13.5 billion per annum.	Approximately $830 million per annum .
Proposed method of funding	The Australian Government make payments from consolidated revenue into a 'National disability Insurance Premium Fund'. The estimated additional cost of $6.5 billion will need to be met through a combination of cuts in existing lower priority expenditure, fiscal drag, and if necessary, tax increases.	Existing insurance premium income sources and from local rates.
Proposed timeline	Begin in a few regions of Australia in July 2014. Extend across Australia from mid-2015. Expand until all cases of significant disability covered by mid 2019.	Set up no-fault catastrophic injury schemes for motor vehicles by the end of 2013. Cover all catastrophic injury by the end of 2015.

Next Steps

The next phase of the review will be to implement and issue draft legislation and guides to give effect to the various reforms.

The core functions and structure of the Authority are unlikely to be significantly affected because it is a no-fault scheme and already reflects what is being proposed, but under the umbrella of NIIS. The other states and territories with fault-based arrangements will be affected more.

Financial Information

Abridged Statement of Comprehensive Income

Year ended 30 June	2011 $'000	2010 $'000
Medical Care and Injury Services (MCIS) levy	403,476	361,683
Investment income	82,026	50,515
Other revenue	241	253
Total Revenue	**485,743**	**412,451**
Participants' care and support – expenses paid	49,041	38,367
Participants' care and support – increase in liability	407,211	427,026
Personnel services	5,642	4,383
Other expenses	10,079	7,808
Total Expenses	**471,973**	**477,584**
Surplus/(Deficit)	**13,770**	**(65,133)**
Comprehensive Income/(Expense)	**13,770**	**(65,133)**

MCIS levy income rose because of increases in vehicle registrations and the MCIS levy rate was maintained at the same level as the previous year. Expenses paid to participants increased due to increased numbers of participants as shown in the performance information section above.

Personnel services expenses increased due to the revised internal workforce plan to meet the continuous growth in participants. The Authority also opened a new satellite office in Parramatta during the year.

Abridged Statement of Financial Position

At 30 June	2011 $'000	2010 $'000
Cash and cash equivalents	401,572	601,662
Investments – bond and share portfolios	1,093,048	481,807
Receivables	45,213	43,879
Other	16,352	8,039
Total Assets	**1,556,185**	**1,135,387**
Provision for participants' care and support	1,444,063	1,036,852
Other	7,485	7,668
Total Liabilities	**1,451,548**	**1,044,520**
Net Assets	**104,637**	**90,867**

Cash and cash equivalents include $398 million ($596 million) invested with New South Wales Treasury Corporation (TCorp), not used for day-to-day operations of the Authority.

Bond portfolio investments managed by TCorp include $540 million ($389 million) of bonds with maturity dates ranging from 2011 to 2024. The bond issuers have credit ratings between A and AAA. Share portfolio investments are TCorp Hour-Glass facilities investing in Australian and International equities.

The Authority has investment powers that allow it to invest in certain financial products to match the long term nature of its liabilities, but invests only in products managed by TCorp.

The provision for participants' care and support expenses represents an estimate of the cost of providing ongoing treatment, rehabilitation and attendant care to scheme participants. The Authority is working on a major project to develop a life costing model. The model will allow the Authority to better estimate the lifetime cost of individual participants, the cost of all participants, its cash flow requirements and the outstanding claims liability.

Future Scheme Position

The Authority's net asset position provides a buffer in the event that actual claims expenses exceed estimates. The Authority estimated the following funding surpluses, which are reflected in net asset levels. The funding surplus as a percentage of outstanding claims reduced significantly, and further reductions are reasonably expected.

At 30 June	Actual		Projected				
	2010	2011	2012	2013	2014	2015	2016
Total Scheme assets ($m)	**1,135.4**	**1,556.2**	**2,009.6**	**2,500.1**	**3,028.6**	**3,598.0**	**4,211.7**
Scheme provision ($m)	1,036.9	1,444.1	1,890.4	2,362.8	2,862.1	3,389.9	3,947.7
Funding surplus ($m)	98.5	112.1	119.2	137.3	166.5	208.1	264.0
Funding surplus (% of provision)	9.5	7.8	6.3	5.8	5.8	6.1	6.7

Source: Lifetime Care and Support Authority of New South Wales (unaudited).

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. This scheme provides treatment, rehabilitation and attendant care services to people severely injured in motor accidents in New South Wales, regardless of who was at fault in the accident. People who are eligible for the scheme will have a spinal cord injury, moderate to severe brain injury, multiple amputations, severe burns or will be blind as a result of the accident.

The Lifetime Care and Support Scheme was introduced in two stages. From 1 October 2006, the scheme applied to all children under 16 years severely injured in motor accidents. From 1 October 2007 the scheme also applied to adults.

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

Long Service Corporation

Audit Opinion

The audit of Long Service Corporation's (the Corporation) financial statements for the year ended 30 June 2011 resulted in an unmodified audit opinion within the Independent Auditor's Report.

Operational Snapshot

The Corporation administers portable long service schemes to the building and construction industry, and from 1 July 2011 the contract cleaning industry. Core services provided to the building and construction industry in 2010–11 included:

- $59.3 million paid to 10,309 workers for long service payments
- $84.1 million collected in levies from employers
- registration of 28,800 new workers and 2,406 new employers.

Liabilities for long service payments were $669 million at 30 June 2011.

Other Information

Financial Position of the Corporation

The Corporation's financial position improved by $27.1 million to a net asset deficiency of $59.1 million at 30 June 2011 ($86.1 million at 30 June 2010).

The Corporation's actuarial review conducted at 30 June 2011 estimates a return to a net assets position by 2012–13.

Financial Information

Abridged Statement of Comprehensive Income

Year ended 30 June	**2011 $'000**	**2010 $'000**
Investment gains	45,751	53,197
Long service levy	84,136	81,237
Other	530	301
Total Revenue	**130,417**	**134,735**
Long service claims expense	94,292	89,420
Operating expenses	9,051	10,241
Total Expenses	**103,343**	**99,661**
Surplus	**27,074**	**35,074**

The Corporation's investments are held in New South Wales Treasury Corporation's (TCorp) Hour-Glass Long Term Growth Facility. This facility primarily invests in Australian and international shares and bonds, and aims to maximise returns over a five year time horizon. The facility has the potential to earn higher returns over the longer term than cash based facilities but can experience greater volatility in the short to medium-term.

The investment gain on the TCorp Hour-Glass Long Term Growth Facility was lower in 2010–11 than the previous year, but better than budgeted results.

The marginal increase in long service levy income of $2.9 million was due to insignificant growth in activities in the construction industry during 2010–11.

The increase in long service claims expense was mainly due to actuarial adjustments to the long service claim provision calculation.

Abridged Statement of Financial Position

At 30 June	2011 $'000	2010 $'000
Investments	589,210	535,766
Other	29,973	17,629
Total Assets	**619,183**	**553,395**
Provision for long service payments liabilities	668,700	633,710
Other	9,539	5,815
Total Liabilities	**678,239**	**639,525**
Net Assets Deficiency	**59,056**	**86,130**

The financial markets downturn adversely affected the Corporation's investments during the global financial crisis. The ongoing recovery in financial markets during 2010–11 resulted in an increase to the value of investments by $53.4 million.

Provision for long service payments liabilities increased by $35.0 million including $6.0 million for the new contract cleaning scheme to commence on 1 July 2011.

Corporation Activities

The Corporation's principal objective is to operate a portable long service payments scheme for building, construction and cleaning workers and secure its funding.

The Corporation constituted under the *Long Service Corporation Act 2010,* formerly known as the Building and Construction Industry Long Service Payments Corporation. It includes both the Building and Construction Industry Long Service Payments Fund and the Contract Cleaning Industry Long Service Leave Fund. It is subject to the control and direction of the Minister for Finance and Services.

For further information on the Corporation, refer to www.longservice.nsw.gov.au.

Motor Accidents Authority of New South Wales

Audit Opinion

The audit of the Motor Accidents Authority of New South Wales' financial statements for the year ended 30 June 2011 resulted in an unmodified audit opinion within the Independent Auditor's Report.

Operational Snapshot

The Authority serves people injured in motor accidents through the regulation of a compulsory third party insurance scheme funded by vehicle owners in New South Wales. It received $133 million in levies in 2010–11.

Performance Information

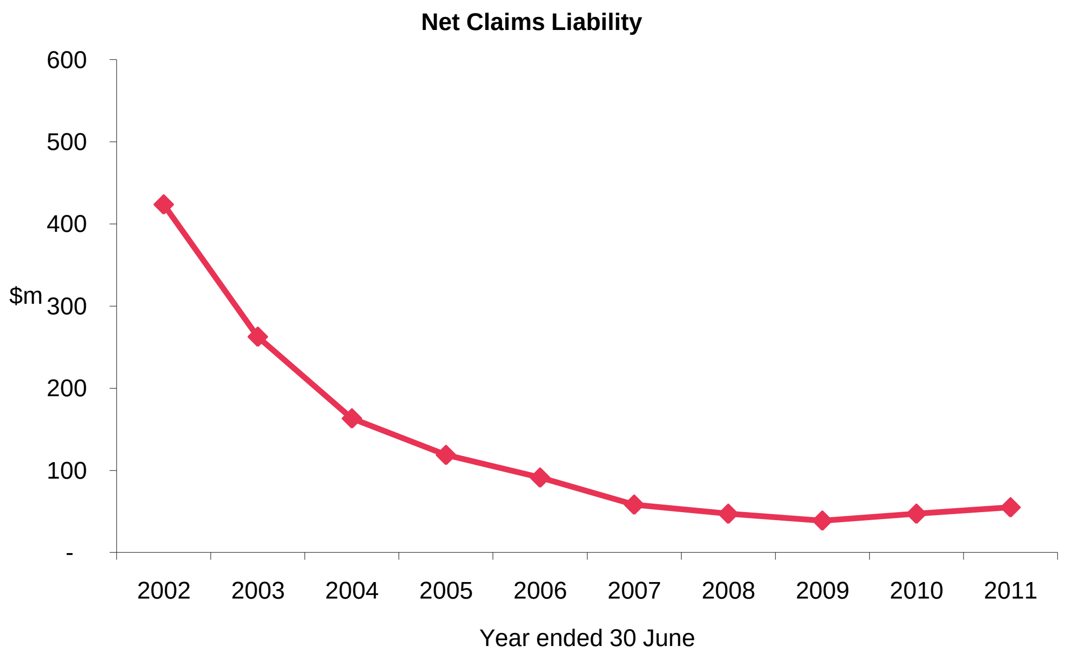
Nominal Defendant HIH Claims

Despite the advanced stage of HIH claims run-off, the liability increased by 16 per cent, because of costly open claims

The New South Wales compulsory third party motor vehicle insurance scheme (CTP Scheme) provides compensation for people injured in motor vehicle accidents. When the at-fault owner or driver is uninsured or unidentified, the Authority stands in as the Nominal Defendant, giving the injured person a 'defendant' from whom to seek compensation.

The Nominal Defendant is responsible for claims made against compulsory third party insurance policies issued by the collapsed HIH Insurance Group (HIH). When HIH went into liquidation in 2001, more than 6,000 compulsory third party claims worth an estimated $600 million were outstanding. This liability was assumed by the Nominal Defendant. The Authority receives funding from the Crown Entity to meet payments for outstanding HIH claims.

The outstanding liability for HIH Nominal Defendant claims has reduced over time. Current estimates of the liability at 30 June 2011 are valued at $54.9 million net of reinsurance proceeds ($47.2 million at 30 June 2010).



During the June 2011 quarter, a review of the remaining significant cases was undertaken and the potential upper end of liabilities was increased over the value reported at 30 June 2010. This review was undertaken due to the volatility in claim settlement outcomes that can occur and to ensure an appropriate estimate is provided to the HIH liquidator.

$481 million paid for claims against HIH-issued compulsory third party insurance policies offset by $260 million recovered from HIH liquidators and reinsurers

The large majority of the known remaining outstanding liability for claims managed by Allianz is now in respect of claimants with brain injury, some of whom are under 18 years old. The ultimate costs and timing of settlement of such claims can be lengthy in determination and highly unpredictable.

At 30 June 2011, there were 12 (22) outstanding managed claims. The New South Wales Government paid a total of $481 million for claims made against HIH-issued compulsory third party insurance policies up to 30 June 2011. Offsetting this, the government received a total of $260 million in recoveries from the HIH liquidators and HIH's reinsurers.

Other Information

Medical Care and Injury Services Levy

The Authority, along with the Lifetime Care and Support Authority, is funded by a levy on compulsory third party insurance policies. This levy is called the Medical Care and Injury Services (MCIS) Levy and is calculated as a percentage of the insurance premium.

Insurance premiums are set by licensed compulsory third party insurers. The Authority sets the percentage to be applied to premiums for its portion of the MCIS levy. The Authority's levy rates during 2010–11 and prior years were:

- 1 July 2010 – 30 June 2011: eight per cent
- 15 August 2009 – 30 June 2010: nine per cent
- 1 July 2009 – 14 August 2009: ten per cent.

Financial Information

Abridged Statement of Comprehensive Income

Year ended 30 June	2011 $'000	2010 $'000
Medical Care and Injury Services (MCIS) levy	133,295	135,208
Other	5,098	4,960
Total Revenue	**138,393**	**140,168**
Personnel services	13,344	13,321
Roads and Traffic Authority, Health and Ambulance Service fees	102,689	91,470
Medical and claims assessor fees	9,183	8,918
Rehabilitation, road safety grants and sponsorships	6,686	6,655
Other expenses	10,618	10,328
Total Expenses	**142,520**	**130,692**
Surplus/(Deficit)	**(4,127)**	**9,476**
Total Comprehensive Income/(Expense)	**(4,127)**	**9,476**

The increase of fees payable to the Roads and Traffic Authority of New South Wales was due to increased numbers of vehicle registrations and annual indexation. The MCIS levy decreased due to the reduction in the Authority's levy as noted above, despite the increase in vehicle registrations. Fees payable to NSW Health and Ambulance Service of New South Wales are governed by the Bulk Billing Agreement.

Abridged Statement of Financial Position

At 30 June	2011 $'000	2010 $'000
Cash and cash equivalents	53,195	64,937
Receivable from Crown Entity – outstanding nominal defendant claims	60,648	46,653
Other assets	26,727	41,138
Total Assets	**140,570**	**152,728**
Provision for outstanding Nominal Defendant claims	62,773	63,067
Payables and other provisions	23,483	31,220
Total Liabilities	**86,256**	**94,287**
Net Assets	**54,314**	**58,441**

The Authority committed $7.5 million at 30 June 2011 ($12.1 million) for grants on injury management and rehabilitation programs. Cash held at 30 June 2011 will be used to fund these expenditures and other initiatives in line with the Authority's objectives.

Authority Activities

The Authority is constituted under the *Motor Accidents Compensation Act 1999*. Its functions include:

- regulating the compulsory third party insurance scheme
- acting as the nominal defendant for the purposes of the Act
- providing funding for measures to prevent or minimise injuries and for 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.

NSW Land and Housing Corporation

Project delivery risks emerged on 12 separate projects involving 141 dwellings and eight bedsitting conversions to one bedroom units

Audit Opinion

The audit of the NSW Land and Housing Corporation's financial statements for the year ended 30 June 2011 resulted in an unmodified audit opinion within the Independent Auditor's Report.

Operational Snapshot

The Corporation received rent and other tenant charges of $699 million and government grants of $955 million in 2010–11.

It used this money to primarily:

- manage New South Wales' public housing portfolio
- fund and regulate the provision of community housing and crisis accommodation
- manage Aboriginal public housing for the Aboriginal Housing Office
- provide a range of products and services to help people into the private rental market and home ownership
- provide policy advice to the government and manage the *Housing Act 2001* and associated legislation.

Key Issues

Project Delivery Risk

The Corporation has identified risks associated with builders becoming financially stressed while constructing its dwellings. The risks include subcontractors not being paid in full, dwellings remaining incomplete for lengthy periods, additional costs to the Corporation and reputational risk for the Corporation. At the time of writing this report, these risks had emerged on 12 separate projects involving the construction of 141 dwellings and eight bedsitting conversions to one bedroom units.

The Corporation implemented several strategies to help builders in financial stress, including:

- making fortnightly payments
- approving/rejecting variation claims and processing related payments quickly
- making direct payments to sub-contractors
- reducing the amount of compensation due to the Corporation following a contract breach by the builder
- negotiating the early release of bank guarantees.

Some of these strategies increased the Corporation's own project risk levels, especially reducing the amount of compensation due to the Corporation following a contract breach by the builder and negotiating the early release of bank guarantees. At the time of writing this report, none of these additional risks have resulted in further losses to the Corporation.

The table below shows incomplete projects where the builder has been placed into liquidation or receivership at 30 June 2011.

Location	Original contract amount and approved variations $'000	Work in progress 30 June 2011 $'000	Final cost $'000	Estimated final cost $'000
Coffs Harbour, Tarrawanna, Towradgi	11,069	9,972	--	15,476
Caringbah, Campbelltown, Casula and Teralba	14,705	12,558	--	17,003
Bomaderry, Warrawong	4,295	3,422	--	5,952
Armidale, Scone	3,810	--	4,211	--

Source: NSW Land and Housing Corporation (unaudited).

Work on the Coffs Harbour, Tarrawanna, Towradgi sites has stopped. The builders' subcontractors have barricaded these sites. Work on the Caringbah, Campbelltown, Casula and Teralba sites also stopped, but without a blockade being imposed. I understand the Corporation is working to develop a means to complete the projects.

The Corporation is working with the receiver of the Bomaderry and Warrawong sites to complete the works.

The Armidale and Scone developments have been completed and the properties have been handed over to the Corporation.

The Department of Finance and Services advised that the New South Wales rate of insolvencies of construction firms in 2009–10 is approximately four firms per $100 million spent on construction contracts. They also advise the financial failure rate of firms on public sector construction through the NSW Government Procurement System for Construction is less than 0.2 firms per $100 million spent. The Corporation advised the failure rate of firms engaged on the Corporation's Plan projects is currently 0.3 builders per $100 million spent on construction contacts.

Employment of Contractors

In response to my recommendations last year, the Corporation has changed its management of contractors by ensuring:

- all requests for contract extensions are supported by a business case and approved by the Chief Executive
- the extended use of contractors is only approved for specific projects, filling in for frontline staff going on leave or where they are imperative to business continuity
- individual line managers are responsible for contractors' ongoing engagement, performance and ensuring contract hire periods accord with business unit work demands
- managers are encouraged to engage contractors under the Whole of Government contract C100. The rates on the C100 are negotiated by NSW Procurement.

The Corporation has employed some contractors for more than two years, increasing the risk they become entitled to the benefits associated with permanent employment.

At 30 June	No. of Contractors	
	2011	2010
Less than 1 year	234	268
Between 1 and 3 years	188	188
Between 3 and 5 years	72	29
Between 5 and 10 years	12	11
Total	**506**	**496**

Contractor numbers have increased over the past two years due to the Social Housing Implementation Plan and Project Meridian, a large computer project which has been completed. The Corporation has advised it expects contractor numbers to decline as projects are completed.

Social Housing Implementation Plan

The Social Housing Implementation Plan is winding down. At 30 June 2011, the Corporation had completed 5,412 of the 6,329 planned dwellings funded under the Commonwealth Government's Nation Building Economic Stimulus Plan.

The table below details the cash received and spent during the year and over the life of the plan across its various components:

Year Ended 30 June	Cash received 2010–11 $m	Actual expenditure 2010–11 $m	Total plan cash received $m	Total plan expenditure to date $m
Repairs and maintenance	--	--	130.4	100.4
Redevelopment of bedsitter	--	27.8	--	30.0
Construction of new dwellings	482.6	588.0	1,763.6	1,514.1
Total expenditure	**482.6**	**615.8**	**1,894.0**	**1,644.5**

Source: NSW Land and Housing Corporation.

The breakdown of total approved plan funding by area is detailed below:

Region	Total	
	No. of Dwellings	$m
Central Sydney	947	283.3
Greater Western Sydney	2,249	666.3
Northern Division	2,024	603.9
Southern and Western Division	1,109	340.5
Total	**6,329**	**1,894.0**

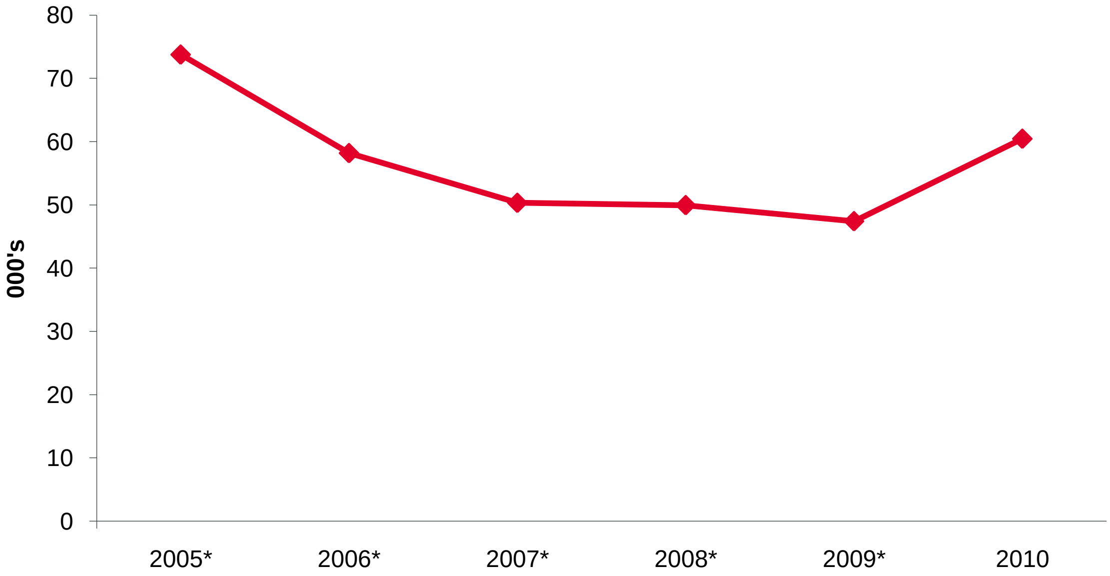
Source: NSW Land and Housing Corporation (unaudited).

Performance Information

Waiting Lists

From 2009–10, the social housing waiting list for public sector housing has been scrapped and combined into one waiting list common to all social housing providers. The common waiting list, housing affordability and the tight rental market has resulted in the graph below showing a spike in the waiting list for 2009–10. Because applicants may have been on one or more waiting lists previously, it is not possible to restate prior year waiting lists for comparative purposes in the graph below.

Total Applicants on Waiting List at 30 June 2010

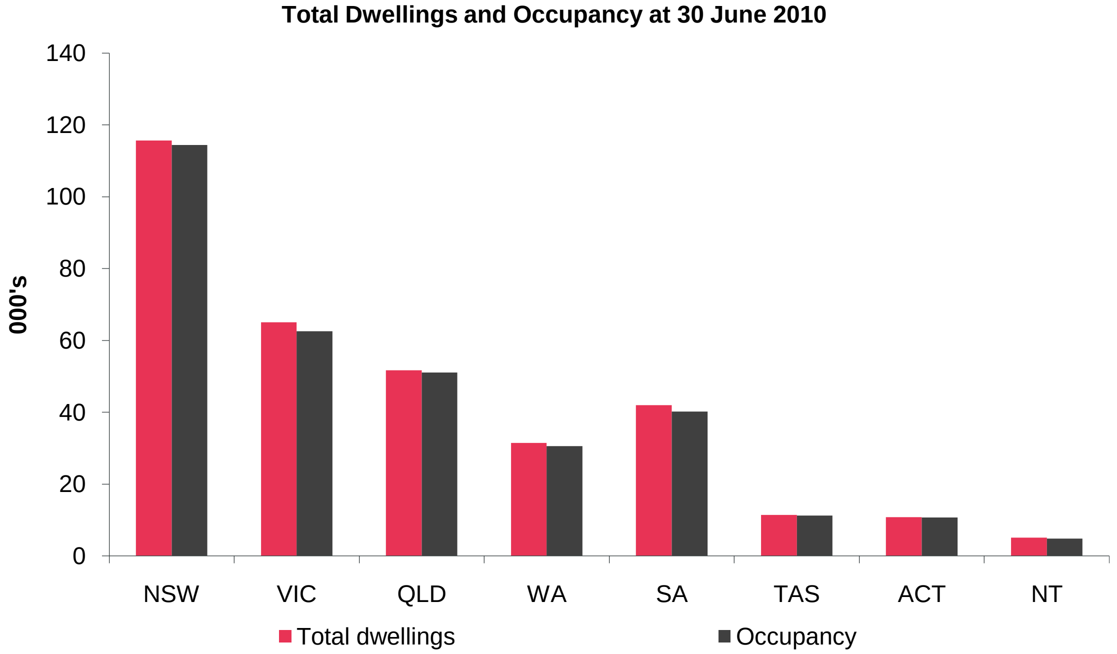


* Public housing only

Source: Productivity Commission Report on Government Services, 2011.

Number of Public Housing Properties and Occupancy Rates

At 30 June 2010, New South Wales had the greatest number of public housing properties in Australia and the highest occupancy rate at 98.9 per cent, which is higher than the national average of 97.7 per cent (97.3 per cent).



Source: Productivity Commission Report on Government Services, 2011.

The Corporation provides social housing across New South Wales. Community Housing Providers (CHP's) are a small but growing source of public housing in the state.

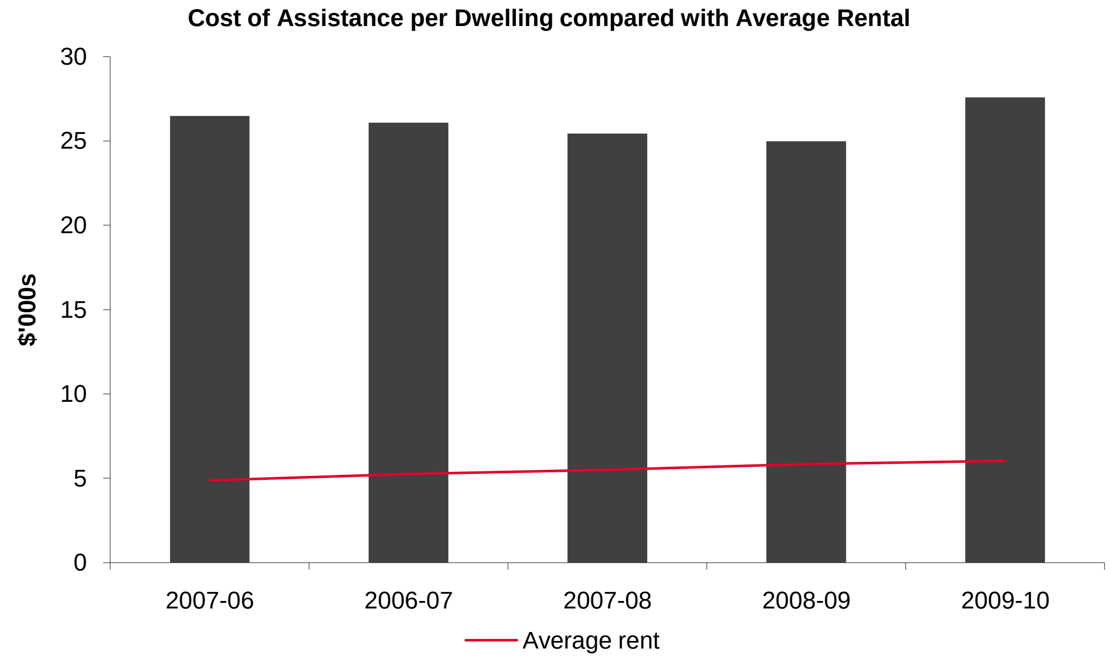
In April 2011, the government approved the transfer of 6,020 dwellings from the Corporation to the CHPs, subject to a number of conditions.

During the year ended 30 June 2011, 3,076 of these dwellings, valued at $946 million, were transferred to the CHPs. The balance is expected to be transferred during 2011–12.

The Corporation believes a benefit of transferring dwellings to CHPs is that they will use the properties to fund the acquisition of further dwellings.

Cost of Providing Assistance per Dwelling compared with Average Rental

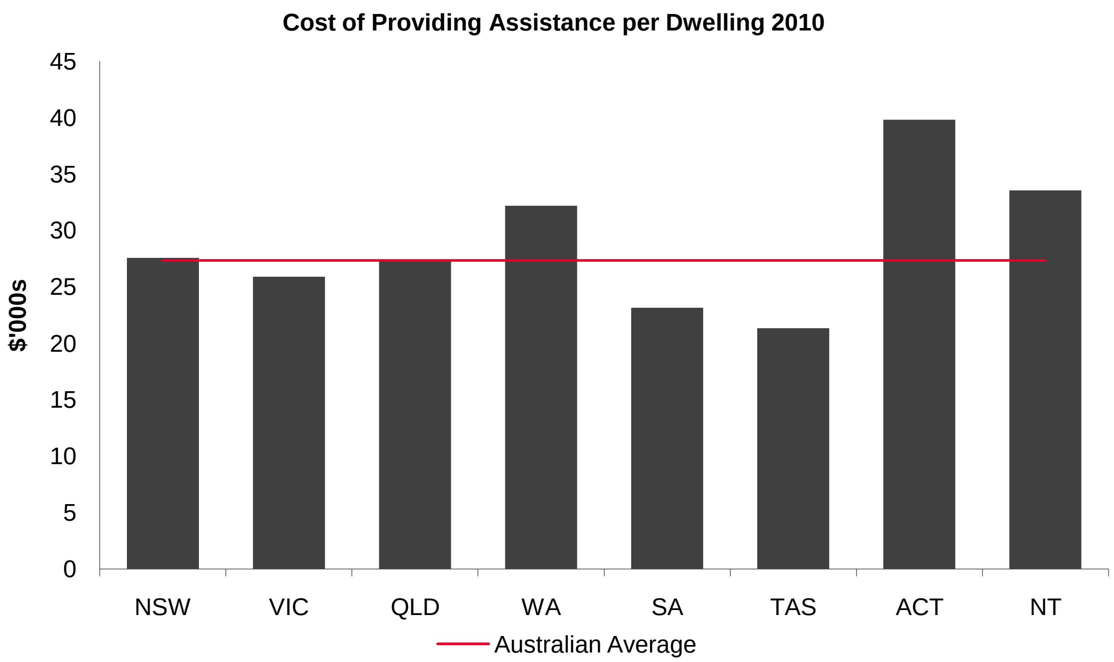
There has been a slight increase in average rents over time. The cost of providing assistance per dwelling declined over the four years to 2008–09, but increased in 2009–10. The increase in 2009–10 is largely due to costs increasing combined with fewer available dwellings. The decline in the number of dwellings is temporary and resulted from the demolition and rebuilding of dwellings as part of the Social Housing Implementation Plan. The cost of providing assistance per dwelling includes the cost of capital.



Source: compiled by the Audit Office of New South Wales, based on information in the Productivity Commission Report on Government Services, 2011.

Cost of Providing Assistance per Dwelling

In 2009–10, New South Wales had the fourth (sixth) highest cost of providing assistance (including the cost of capital) per dwelling at $27,572 ($24,653), one per cent higher (5.4 per cent lower) than the national average.



Source: Productivity Commission Report on Government Services, 2011.

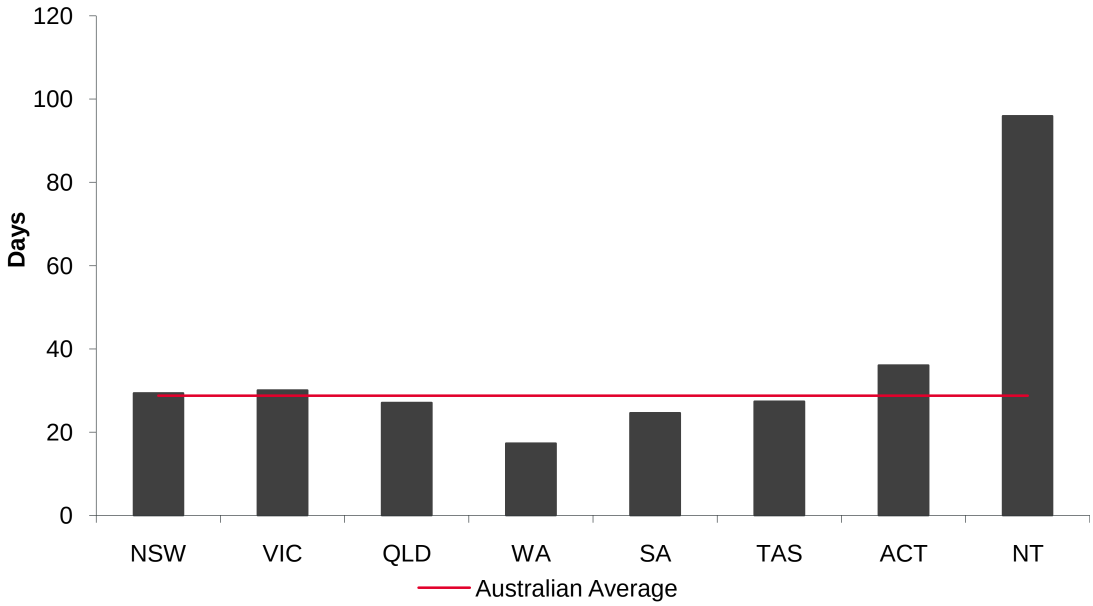
Issues on the comparability of the cost data across jurisdictions include consistency of data collection, completeness of data and the possibility of double counting of items by some jurisdictions.

Average Turnaround Time

In 2009–10, New South Wales' public housing turnaround time of 29.4 days (20.2 days) was higher than the Australian average of 28.8 days (26.2 days), ranking it first in Australia. During this period, there was an unprecedented level of redevelopment due to the Nation Building Economic Stimulus Plan. This meant a larger than normal number of homes had to be kept vacant to provide time for families and individuals who were being relocated to move in when their homes were being redeveloped.

Turnaround time indicates how quickly jurisdictions rent out housing stock after being vacated or acquired.

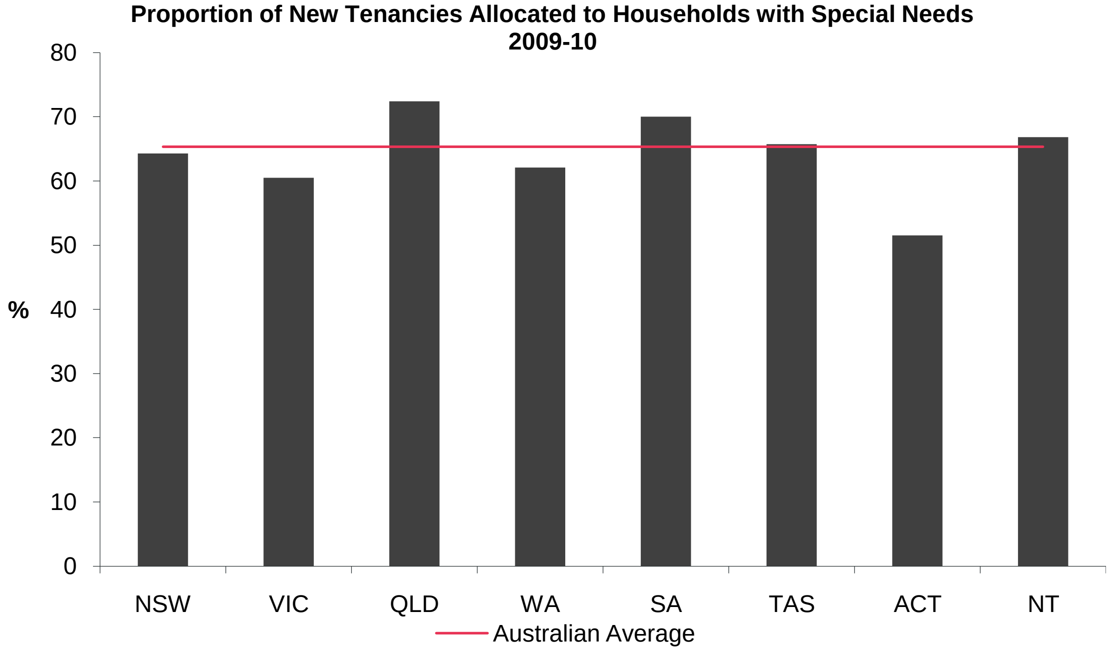
Average Turnaround Times for Vacant Stock 2009-10



Source: Productivity Commission Report on Government Services, 2011.

Proportion of New Tenancies to Households with Special Needs

The Australian average of new tenancies allocated to 'special needs' households in 2009–10 was 65.3 per cent (64.8 per cent). At 64.3 per cent (63.4 per cent), New South Wales was lower than the national average.



Source: Productivity Commission Report on Government Services, 2011.

Other Matters

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

Provision of Social Housing

During 2010–11, the Corporation helped 332,280 (339,400) people through the provision of social housing. The New South Wales Government's RentStart Program helped approximately 36,170 (35,022) households into the private rental market.

Private Rental Assistance provided was $21.4 million ($24.3 million). This includes payment of rental arrears to salvage existing tenancies and assistance in bonds and advance rent.

Bonnyrigg Project

The Corporation expects this estate to be constructed in 18 stages over 14 years.

Stage one and two of the project were completed by July 2011, providing 77 social houses and offering 133 private houses for sale. Stage three is ready for re-subdivision and the construction of 159 new dwellings, of which 75 will be social housing dwellings. Stage three construction should be completed in August 2012.

The project will redevelop and renew 833 social housing properties into a mixed community of 1,633 private and 699 social housing homes through a 30-year public-private partnership. The project also involves the building or purchase of 134 dwellings offsite to ensure the stock of 833 social houses is maintained. When the project is complete, 70 percent of the housing will be private dwellings and 30 per cent will be social.

In October 2007, Bonnyrigg Partnerships, comprising Becton Property Group, Westpac Banking Corporation, St George Community Housing Association and Spotless Group Limited, were selected by the New South Wales Government to undertake the renewal of Bonnyrigg. The transfer of dwellings and tenants from the Corporation to the St George Community Housing Association occurred in October 2007.

The project aims to improve the quality of social housing and community facilities and services provided to tenants and the local community. To encourage the achievement of these aims the Corporation has designed the payments to the private sector to be predominantly performance based. Key performance indicators have been agreed for most aspects of service delivery, including tenant's satisfaction with each broad category of service provision.

One Minto Project

The One Minto Project incorporates extensive deconcentration of the estate with redevelopment of the townhouse precincts, upgrading of cottage precincts and refurbishment of the roads, parks and common areas across Minto. Management advised that on completion of the development:

- there will be a total of 1,150 homes with 350 (30 per cent) being public housing properties and the remaining 70 per cent private housing
- approximately 50 of the Corporation's properties will be refurbished for private sale
- 664 demolished properties at Minto will be replaced with properties in other areas of South Western Sydney with high demand for social housing.

Since sales commenced in late 2008, approximately 73 per cent of the lots released have been sold.

The One Minto Concept Plan (formerly Minto Renewal Project) was developed after extensive community consultation and was approved in June 2006. It is expected to be completed in 2015-16. The Corporation, Campbelltown City Council and Landcom are working together to redevelop the area. Landcom has been engaged as the development manager. The initial budget for this project was $226 million and the costs are within expectations.

Financial Information

Abridged Statement of Comprehensive Income

Year ended 30 June	**2011 $'000**	**2010 $'000**
Rent and other tenant charges	699,016	694,920
Government grants	955,486	1,922,608
Other income	116,079	61,496
Total Revenue	**1,770,581**	**2,679,024**
Repairs and maintenance	202,292	266,390
Council and water rates	196,614	189,164
Employee related expenses	234,708	212,503
Depreciation and amortisation	323,675	298,924
Grant expenses	1,275,159	312,998
Other expenses	209,109	324,561
Total Expenses	**2,441,557**	**1,604,540**
(Deficit)/Surplus for the Year	(670,976)	**1,074,484**
Other Comprehensive Income		
Revaluation (decrement)/increment	(41,865)	2,907,995
Gain on sale of investments	--	276
Total Other Comprehensive Income/(Expense)	**(41,865)**	**2,908,271**
Total Comprehensive Income/(Expense)	**(712,841)**	**3,982,755**

Government grants decreased mainly due to reduction in the level of grants received under the Social Housing Implementation Plan as indicated earlier.

The increase in other income is largely related to the initial recognition of land under roads of approximately $47.7 million.

Repairs and maintenance decreased due to the winding down of the Social Housing Implementation Plan funded repairs and maintenance program.

Grant expenses increased by $962 million largely due to the transfer of dwellings to CHPs mentioned earlier.

Abridged Statement of Financial Position

At 30 June	2011 $'000	2010 $'000
Current assets	359,062	835,404
Non-current assets	31,561,497	32,024,061
Total Assets	**31,920,559**	**32,859,465**
Current liabilities	468,055	701,289
Non-current liabilities	706,737	699,568
Total Liabilities	**1,174,792**	**1,400,857**
Net Assets	**30,745,767**	**31,458,608**

Current assets decreased by $476 million largely due to a decrease in bank deposits associated with funding the work performed under the Social Housing Implementation Plan.

Non-current assets decreased due to the 3,076 properties transferred to CHPs during the financial year.

The decrease in current liabilities was mainly due to lower accrued capital expenditure due to the majority of the Social Housing Implementation Plan funded dwellings being completed by 30 June 2010.

The Corporation's Activities

The Corporation'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 Family and Community Services, jointly with the Minister for Finance and Services, has the power to direct and control the Director General of the Corporation in respect of all the Corporation's operations. Management advised that no such ministerial directions occurred in 2010–11.

For further information on the Corporation, refer to www.housing.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.

The audit of the Rental Housing Assistance Fund's financial report for the year ended 30 June 2011 resulted in an unmodified audit opinion within the Independent Auditor's Report.

As at 30 June 2011, the entity was in the process of being wound up.

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.

Parliamentary Contributory Superannuation Fund

Audit Opinion

The audits of the Parliamentary Contributory Superannuation Fund (the Fund) and its trustee's financial statements for the year ended 30 June 2011 resulted in unmodified audit opinions within the Independent Auditor's Reports.

Operational Snapshot

The Fund is a closed defined benefit superannuation fund for members of the Legislative Council and the Legislative Assembly.

Fund	Status	Benefit type	Contributory Members	Pensioners
PCSF	Closed 2007	Pension	47	282

Key Issues

Unfunded Superannuation Liabilities

Unfunded liabilities increased to $184 million at 30 June 2011. The current funding level is well below the 80 per cent net asset target

As shown in the table below, over the last five years, unfunded superannuation liabilities increased from $40.3 million at 30 June 2007 to $184 million at 30 June 2011. Unfunded liabilities are the difference between the net assets held by the Fund and the accrued superannuation benefits of the members. The Crown is responsible for meeting the unfunded liability.

The Treasurer established a funding level target to maintain net assets available to pay benefits to a level of 80 per cent of the Fund's long term funding needs. The Treasurer suspended Crown contributions from 1 July 2006 due to the target being exceeded. The Crown resumed contributions during the first quarter of 2011-12. At 30 June 2011, the funding level had deteriorated to 53.6 per cent (55.6 per cent at 30 June 2010).

Year ended 30 June	2011	2010	2009	2008	2007
Net Accrued Members' Benefits ($'000)	**396,540**	**373,333**	**353,690**	**343,581**	**339,700**
Net Assets Available to Pay Benefits ($'000)	**212,372**	**207,593**	**199,356**	**254,982**	**299,353**
Unfunded Liabilities ($'000)	**184,168**	**165,740**	**154,334**	**88,599**	**40,347**
Percentage Unfunded (%)	46.4	44.4	43.6	25.8	11.9
Percentage Funded (%)	53.6	55.6	56.4	74.2	88.1

Performance Information

Investment Returns

The Fund's investment strategy is to minimise the long term cost of the Fund to the taxpayer. The Fund's investment return for 2011 was 12.8 per cent (14.5 per cent), which was 3.2 per cent above the 'Average Managers' performance.

The annualised return over the last five years to 30 June 2011 was 3.6 per cent and over the last ten years to 30 June 2011 was 4.9 per cent.

The Fund's annual returns over the last five years were:

Year ended 30 June	2011	2010	2009	2008	2007
Fund % pa	12.8	14.5	(14.0)	(8.9)	17.9
Average Manager % pa	9.6	11.5	(12.5)	(9.3)	16.2
Quartile Rank %	1.0	1.0	3.0	2.0	1.0

Source: Russell Australian Balanced Fund Universe.

Also refer to the Superannuation Industry Overview comment for further commentary about performance information.

Other Information

Fund Membership

The Fund was closed to new members at the 2007 New South Wales general election. Members of the Parliament of New South Wales who were first elected at or after the March 2007 State election were not eligible to join the Fund. They are members of an accumulation fund of their choice.

The Fund continued to provide superannuation arrangements for members of parliament who were re-elected to parliament at that election. The table below summarises the Fund's membership at year-end.

Year ended 30 June	2011	2010	2009
Contributory Members	47	94	97
Non-contributory Members	1	1	--
Deferred Members	11	4	3
Suspended Pensioners	5	6	6
Pensioners	282	257	258
Total	**346**	**362**	**364**

Source: Fund Administrator.

Notes:

- Contributory members - current members of the Legislative Council and Legislative Assembly who are contributing to the Fund.
- Non-contributory members – current member of the Parliament of New South Wales who elected under the Fund legislation to cease making contributions as they had attained 65 years of age and completed 20 years of service.
- Deferred members – either deferred pensioners, who are former members of the Parliament of New South Wales who, under the Fund legislation, cannot receive payment of their Fund pensions until they attain the age of 55, or deferred lump sum members, who are former members of the Parliament of New South Wales who have elected to keep a lump sum benefit deferred or preserved in the Fund.
- Suspended pensioners – former members of the Parliament of New South Wales whose pension is suspended under the Fund legislation as they later became a member of the Commonwealth or another State Parliament.
- Pensioners - former members of the Parliament of New South Wales who are receiving payment of their Fund pensions.

Actuarial Review

The *Parliamentary Contributory Superannuation Act 1971* requires an actuarial review of the Fund every three years. The last review was completed during 2008-09 in respect of 30 June 2008. Work on the 2011 triennial review will be completed in November 2011.

I engaged an independent actuary to assess the 30 June 2011 triennial review carried out by the Fund's Actuary. The report of my independent actuary will be concluded by December 2011.

Financial Information

Abridged Statement of Changes in Net Assets

Year ended 30 June	2011 $'000	2010 $'000
Net Assets Available to Pay Benefits at Beginning of Financial Year	**207,593**	**199,356**
Member contributions	1,745	1,911
Net investment revenue	25,282	26,774
Total Revenue	**27,027**	**28,685**
Benefits paid	24,046	20,441
Scheme administration expenses	600	490
Surcharge expense/(revenue)	(1,815)	138
Income tax (benefit)	(583)	(621)
Total Expenses	**22,248**	**20,448**
Increase in Net Assets	**4,779**	**8,237**
Net Assets Available to Pay Benefits at End of Financial Year	**212,372**	**207,593**

Benefit payments increased in 2011 due to a large number of members retiring following the 2011 state election.

Abridged Statement of Net Assets

At 30 June	2011 $'000	2010 $'000
Fixed interest	**53,746**	**55,243**
Equities	128,229	121,016
Property Trusts	26,329	29,302
Total Investments	**208,304**	**205,561**
Other assets	6,903	6,450
Total Assets	**215,207**	**212,011**
Liabilities	2,835	4,418
Net Assets Available To Pay Benefits	**212,372**	**207,593**

The net assets available to pay benefits increased in 2011 due to better investment market performances following continued improvements in domestic and global economic conditions. This was offset by higher benefit payments in 2011 as noted above.

Fund Activities

The Fund operates under the *Parliamentary Contributory Superannuation Act 1971*. It is a superannuation fund for members of the Legislative Council and the Legislative Assembly.

Most member benefits are calculated using the member's salary and years of membership, with a small number of benefits affected by Fund performance. Contributions by fund members are fixed at 12.5 per cent of salary as a member of parliament, minister or office holder.

The Trustee of the Parliamentary Contributory Superannuation Fund is a statutory body which holds in trust all assets of the Fund. The Trustee comprises two trustees from the Legislative Council, five trustees from the Legislative Assembly, and the Secretary of the Treasury (or a Treasury official appointed in his absence).

Rental Bond Board

Audit Opinion

The audit of the Rental Bond Board's (the Board) financial statements for the year ended 30 June 2011 resulted in an unmodified audit opinion within the Independent Auditor's Report.

Operational Snapshot

The Board holds residential bonds in trust on behalf of private tenants of New South Wales. It funds its operations by investing bonds held in trust and retaining the returns earned.

Performance Information

Rental Bonds

The Board holds over 663,000 bonds at 30 June 2011 (648,000 at 30 June 2010). The increase of 2.3 per cent was significantly higher than the prior year (0.7 at June 2010) and was slightly lower than the ten year average of 2.5 per cent. At 30 June 2015, the Board expects to hold approximately 692,000 bonds with a value in excess of $1.0 billion.

During 2011, the Board processed a total of 507,000 (518,000) rental bond lodgements and disbursements. The number of new bond lodgements has remained stable over the last four years. The number of bonds refunded decreased by 4.1 per cent in 2011 continuing a declining trend over the last decade. This reflects the tight rental market in New South Wales during the year.

Other Information

Trust Funds

The market value of trust funds invested at 30 June 2011 exceeded the value of residential bonds held in trust by $8.9 million.

At 30 June	2011 $'000	2010 $'000	2009 $'000
Amounts Owing to Bond Depositors	909,440	845,779	800,214
Market Value of Rental Bond Investments	918,309	861,668	799,763
Excess/(Shortfall)	8,869	15,889	(451)

Legal opinion indicates the Board would be liable for any shortfall of funds invested over bonds held in trust. The *Residential Tenancies Act 2010* commenced on the 31 January 2011 and replaced the *Landlord and Tenant (Rental Bonds) Act 1977*. The previous legislation did not allow payments from the Board's funds to make good shortfalls. However, the new Act permits such payments.

Major Projects

The Department of Finance and Services provides support services to the Board on a cost recovery basis.

The department launched the new Rental Bond System in November 2010 and absorbed the $5.1 million cost of the project. The Rental Bond System is an asset of the department and costs will be recovered through administrative charges to the Board.

Financial Information

Summary financial information

Year ended 30 June	2011 $'000	2010 $'000
Total Revenue	**55,448**	**51,258**
Administrative services	20,979	22,464
Tenancy function of Consumer, Trader and Tenancy Tribunal	12,311	11,919
Grants	10,131	8,626
Tenancy services	665	195
Interest on rental bonds	116	109
Other operating expenses	825	800
Operating Expenses	**45,027**	**44,113**
Surplus	**10,421**	**7,145**
Net Assets	**50,551**	**40,130**

The Board receives income from the investment of rental bonds lodged by tenants. Revenue is mainly influenced by the level of investment returns.

Through its grants program the Board supports tenancy and housing organisations that provide residential rental accommodation, or conduct research into the relationship of landlords and tenants.

The Board has no employees and its operations are performed and supported by the Department of Finance and Services in return for an administration fee.

Actuarial reviews indicate the Board needs a net asset position of $40.0 million to $50.0 million to maintain the Board's solvency. The Board regularly monitors its overall financial position to ensure sufficient funds are available to meet expenses.

The rate of interest payable on rental bonds to tenants is prescribed in clause 25 of the Residential Tenancies Regulation 2010 and is equivalent to the rate payable by the Commonwealth Bank of Australia on a Streamline Account Balance of $1,000.

At 30 June 2011, the trust investments had a market value of $918 million and were invested in:

Trust Investments	Market Value 2011 $'000	Market Value 2010 $'000
NSW Treasury Corporation Hour-Glass Facility	78,502	79,982
Direct fixed interest portfolio	842,064	783,724
Private shared equity scheme	2,207	2,136
Less: provision for interest owed to the Board	(4,464)	(4,174)
Total	**918,309**	**861,668**

As the Board holds residential bonds in trust on behalf of private tenants the value of the trust investments does not form part of the $50.6 million in net assets of the Board.

Board Activities

The Board is constituted by the *Residential Tenancies Act 2010.* The Board is an independent and impartial guardian of rental bonds on private residential tenancies in New South Wales. The Board also provides access to tenancy information to help uphold the rights and responsibilities of tenants and landlords.

The Board is controlled by the Minister for Fair Trading.

For further information on the Board, refer to the New South Wales Fair Trading's website www.fairtrading.nsw.gov.au.

SAS Trustee Corporation – Pooled Fund

Audit Opinion

The audits of the SAS Trustee Corporation – Pooled Fund (the Fund), its controlled entities and its trustee's financial statements for the year ended 30 June 2011 resulted in unmodified audit opinions within the Independent Auditor's Reports.

Operational Snapshot

The Fund is a $32.0 billion defined benefits superannuation fund for public sector members of the following four closed superannuation schemes.

Scheme	Status	Benefit type	Current Members	Pensioners
SSS(a)	Closed 1985	Pension	15,689	47,506
SASS(b)	Closed 1992	Lump sum	41,264	3,953
SANCS (c)	Closed 1992	Lump sum	--	--
PSS(d)	Closed 1988	Pension	1,889	6,434

a State Superannuation Scheme (SSS).

b State Authorities Superannuation Scheme (SASS).

c Employees do not contribute towards the benefit in State Authorities Non-contributory Superannuation Scheme (SANCS). It is an employer financed lump sum benefit of three per cent of final average salary for each year of membership for SASS, PSS and SSS members.

d Police Superannuation Scheme (PSS).

Employees that joined the New South Wales public sector after these schemes closed are members of an accumulation fund of their choice. A large proportion of the New South Wales public sector employees are members of the First State Superannuation Scheme.

Unfunded liabilities increased by $10.2 billion over a five year period from 2007 to 2011

Key Issues

Unfunded Superannuation Liabilities

Unfunded superannuation liabilities increased from $9.8 billion at 30 June 2007 to $20.0 billion at 30 June 2011 as shown in the table below. Unfunded liabilities are the difference between net assets held by the Fund and accrued superannuation benefits of the members.

The Crown Entity and other contributing employers are responsible for meeting the unfunded liability. The 2011-12 budget papers state employer contributions are intended to meet benefit payments and provide sufficient assets over time to fully fund superannuation liabilities by 2030. These funding arrangements are reviewed every three years as part of the triennial actuarial review.

Year ended 30 June	2011	2010	2009	2008	2007
Accrued Member benefits ($m)	52,178	50,585	48,235	49,093	48,426
Net Assets Available to Pay Benefits ($m)	32,179	30,743	28,848	34,214	38,587
Unfunded Liabilities ($m)	19,999	19,842	19,387	14,879	9,839
Percentage Unfunded (%)	38.3	39.2	40.2	30.3	20.3
Percentage Funded (%)	61.7	60.8	59.8	69.7	79.7

The unfunded liabilities increased significantly from 2007 to 2009 because of the impact of the global financial crisis but stabilised in the past two years following improvements in domestic and global economic conditions.

Ageing Demographics

Pensioners

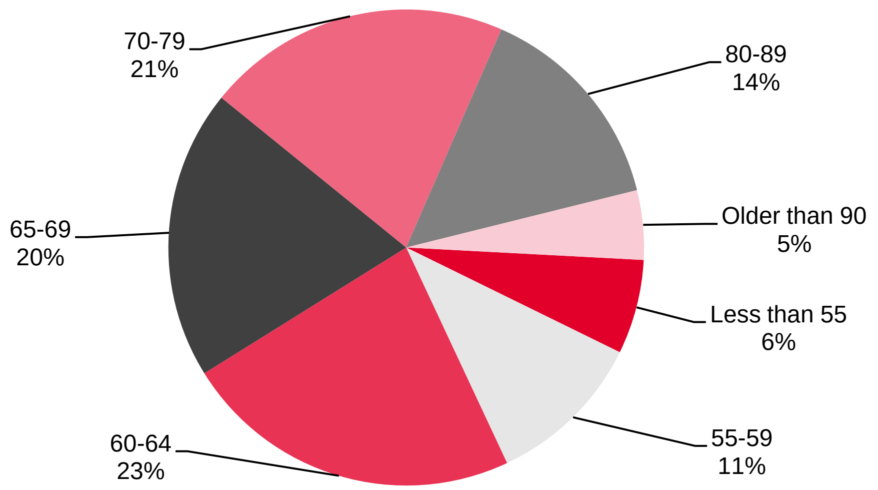
Recommendation

The SAS Trustee Corporation (the Trustee) should assess the practicability of undertaking periodic reviews of invalidity benefit entitlements as allowed by the Scheme's legislation. The Fund pays approximately $525 million per annum in invalidity pensions.

The legislation allows the Trustee to review the health condition of invalidity pensioners. This may result in these pensioners being recalled to service to the employer from which they retired or another employer if suitable employment can be found. This legislative requirement may be difficult and costly to implement.

The age profile of the Fund's pensioners at year end was:

Fund Membership (Pensioners) at 30 June 2011
Age Profile in Years



Source: Fund Administrator.

In 2010-11, pension payments were $2.1 billion ($1.9 billion at 30 June 2010). Of the pensioners at 30 June 2011, only 45.5 per cent exited the workforce under normal retirement conditions with others retiring, or becoming entitled to a benefit as follows:

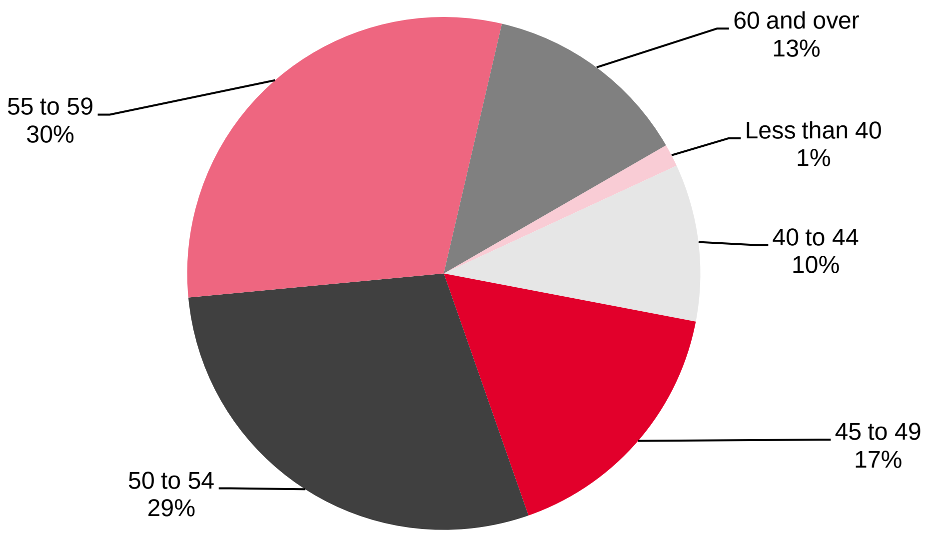
- 14.1 per cent exited through early voluntary retirement
- 22.3 per cent exited through invalidity retirement (including 'hurt on duty' - refer below)
- 16.2 per cent spouse and child pensions
- 1.9 per cent exited with retrenchment pensions.

Australian life expectancy rates have increased by approximately 20 years since the schemes commenced. When the schemes commenced in the early 1900s, average life expectancy according to the Australian Bureau of Statistics, was approximately 55-60 years of age. People now live longer, as illustrated by the Fund's pensioner age profile, where 19.3 per cent of the Fund's pensioners are older than 80 years of age. The Fund also has 80 pensioners older than 100 years of age at 30 June 2011. This poses funding challenges to the Crown Entity and other contributing employers who are responsible for meeting the unfunded liabilities.

Active and Deferred Members

The age profile of the Fund's active and deferred members at year end was:

Fund Membership (Active and Deferred) at 30 June 2011
Age Profile in Years



Source: Information provided by Administrator.

The age profile of the Fund's membership poses challenges for the Trustee in managing liquidity risk.

The graph illustrates 59 per cent of members are approaching retirement age and a further 13 per cent have already reached retirement age. Significant asset liquidation will be required in the near future to ensure benefit payments can be met because of increasing net cash outflows from the Fund.

Hurt on Duty Benefit Payments

The majority of members who retire from the Police Superannuation Scheme (PSS) do so under the 'hurt on duty' provisions in the legislation. A member who retires hurt on duty can receive the full entitlement as if they retired at normal retirement age.

For the year ended 30 June 2011, 198 (176) members retired hurt on duty which remains the most common way PSS members retire. At 30 June 2011, 66 per cent of the PSS pensioners were receiving a hurt on duty pension. The average age for these members on retirement is 45 years of age.

For the year ended 30 June 2011, the Fund paid approximately $220 million in hurt on duty pension benefits. From an employer cost perspective, hurt on duty exits have significant financial burden because:

- members are exiting the Fund much earlier than the retirement age
- there is no service restriction applied to calculate the superannuation benefit.

'Hurt on duty' remains the most common way Police Superannuation Scheme members retire. The Fund paid $220 million in hurt on duty pensions in 2010-11

The average age on retirement for hurt on duty pensioners was 45 years of age. In 2010 11, a further 198 members received 'hurt on duty' retirement benefits

Performance Information

Investment Returns

The majority of the Fund's investments are held in a growth strategy. The Fund's investment objective for its growth strategy is to achieve investment returns over ten year rolling periods that exceed the consumer price index by an average margin of 4.5 per cent per annum. The Fund's growth strategy achieved 4.5 per cent return per annum in the ten years to 30 June 2011 (4.1 per cent for the ten years to 30 June 2010), compared to the long-term target of 7.4 per cent. The global financial crisis negatively impacted the Fund's ability to achieve its long-term target in recent years. However, prior to the market downturn, the Fund achieved 8.6 per cent return per annum for the ten years to 30 June 2007.

The Fund's short-term performance is monitored by comparing its returns to the median growth manager. The Fund's annual investment returns over each of the last five years were:

Year ended 30 June	2011	2010	2009	2008	2007
Pooled Fund (%)	8.9	9.5	(10.4)	(7.2)	14.9
Median Manager (%) (a)	8.3	11.0	(12.0)	(7.1)	14.5
Pooled Fund Quartile Rank (One is Top Quartile)	2	3	2	3	2

Source: SAS Trustee Corporation.

a Median manager in the Mercer Employer Superannuation Balanced Growth Survey.

Also refer to the Superannuation Industry Overview comment for further commentary about performance information.

Administration and Investment Costs

Year ended 30 June	2011	2010	2009	2008	2007
Investment Fees ($'000)	86,400	90,400	85,400	109,100	81,000
Administration Costs ($'000) (a)	32,100	32,900	34,100	32,700	32,600
Administration Cost as a % of FUM (b)	0.10	0.11	0.11	0.09	0.10
Direct investment fees as a % of FUM (b)	0.27	0.30	0.27	0.30	0.24

a Includes Trustee and administration costs.

b FUM is average Funds Under Management during the year.

Administration costs were lower in 2011 because the schemes are closed and membership numbers are declining.

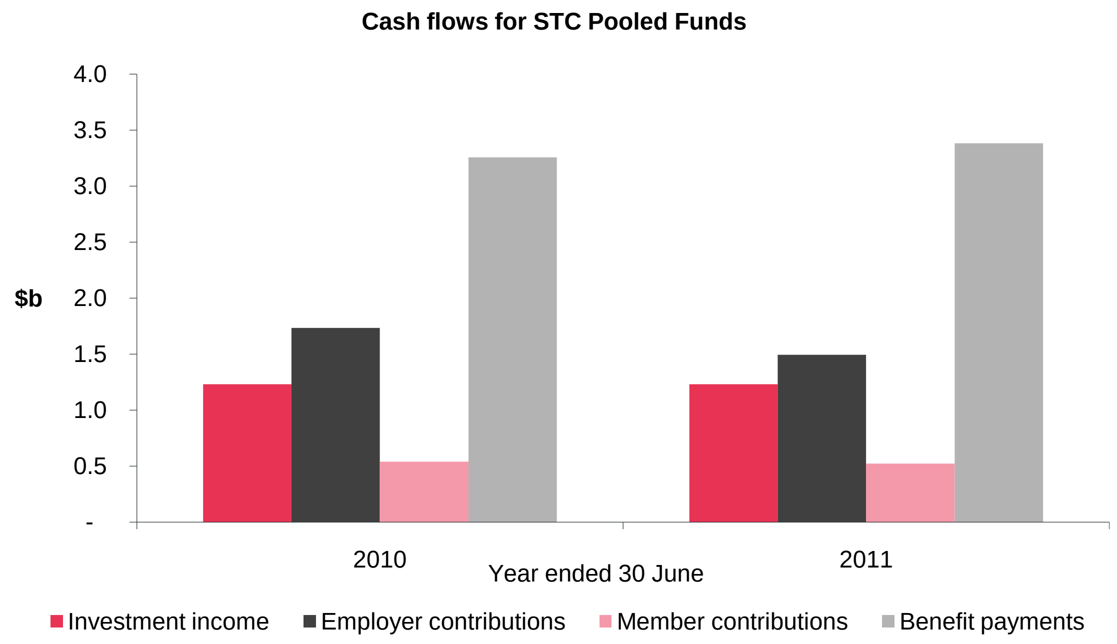
Employers meet the majority of the administration costs of the various schemes. A significant number of members in the various schemes making up the Fund do not pay administration fees, as this is not required by the relevant scheme Acts.

Other Information

Fund's Net Cash Flows

The Fund had a net cash outflow of $136 million in 2010-11 ($247 million in 2009-10). It received $2.0 billion ($2.3 billion) in employer and member contributions and $1.2 billion ($1.2 billion) in investment revenue. In 2010-11, the Fund paid $3.4 billion ($3.3 billion) in benefits to members.

The following graph demonstrates the increasing level of benefit payments to members as more members retire.



Source: Fund financial statements

Fund Membership

The table below summarises the Fund's membership at year end. The number of members is falling because:

- the schemes are closed to new members
- a greater number of members are reaching scheme retirement age (refer above to Ageing Demographics – Active and Deferred Members).

Year ended 30 June	2011	2010	2009	2008	2007
Active Members	58,842	64,015	69,209	74,824	81,118
Deferred Members (a)	13,691	14,217	14,916	15,312	15,884
Pensioners	57,893	57,790	54,910	52,823	51,412
Total	**130,426**	**136,022**	**139,035**	**142,959**	**148,414**

a Deferred members are those who are not actively contributing to their superannuation accounts and have not started their pensions or withdrawn their benefit from the schemes.

Actuarial Review

The Fund's legislation requires an actuarial review of the Fund every three years. The last review was completed during 2009-10 in respect of 30 June 2009.

I engaged the Australian Government Actuary to independently assess the triennial review carried out by the Fund's actuary. The Australian Government Actuary concluded the assumptions used in the triennial review were reasonable.

Financial Information

Abridged Statement of Changes in Net Assets

Year ended 30 June	2011 $m	2010 $m
Net Assets available to pay benefits at beginning of Financial Year	**30,743.2**	**28,847.7**
Investment revenue	1,231.1	1,231.2
Changes in net market values	1,780.1	1,936.8
Total investment revenue	3,011.2	3,168.0
Investment expenses	(86.4)	(90.4)
Net Investment Revenue	**2,924.8**	**3,077.6**
Employer contributions	1,494.7	1,733.6
Member contributions	522.4	540.1
Total Contribution Revenue	**2,017.1**	**2,273.7**
Other revenue	2.0	2.8
Transfers	2.3	(0.3)
Total Revenue	**4,946.2**	**5,353.8**
Benefits paid	(3,384.1)	(3,258.2)
Scheme administration and other expenses	(32.1)	(32.9)
Superannuation contributions surcharge	5.9	7.0
Other expenses	(0.5)	(0.2)
Total Scheme Expenditure	**(3,410.8)**	**(3,284.3)**
Increase in net assets before income tax	1,535.4	2,069.5
Income tax (expense)	(99.2)	(174.0)
Increase in Net Assets after Income Tax	**1,436.2**	**1,895.5**
Net Assets available to pay benefits at end of Financial Year	**32,179.4**	**30,743.2**

Employer contributions were lower in 2011 due to an additional $510 million contribution from the Treasury in the prior year as a result of the sale of NSW Lotteries.

Benefits paid increased in 2011 as more members retired. Pension benefits are also adjusted each October for increases in the Consumer Price Index.

Abridged Statement of Net Assets

At 30 June	2011 $m	2010 $m
Short term securities	2,789.1	2,945.2
Australian fixed interest	2,678.5	2,772.2
International fixed interest	1,382.2	2,588.5
Australian equities	10,171.2	9,329.8
International equities	8,201.5	6,905.9
Property	3,105.6	2,717.3
Alternatives	3,665.4	3,421.1
Total Investments	**31,993.5**	**30,680.0**
Receivables and cash	401.5	358.0
Plant and equipment	0.2	0.3
Current tax asset	6.4	--
Deferred tax asset	40.9	59.9
Total Other Assets	**449.0**	**418.2**
Total Assets	**32,442.5**	**31,098.2**
Reserve units	1.9	2.3
Payables	261.2	279.0
Current tax liability	--	73.7
Total Liabilities	**263.1**	**355.0**
Net Assets Available to Pay Benefits	**32,179.4**	**30,743.2**

The net assets available to pay benefits increased in 2011 due to positive investment market performances. This was despite the domestic and global economic conditions worsening in the last quarter of the year.

Fund Activities

All of the schemes referred to above, 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 Fund because it is an exempt public sector superannuation scheme.

The Superannuation Administration Corporation, 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 Fund. The Trustee’s executive monitors each manager to ensure compliance with investment mandates and satisfactory investment performance. Refer to the Superannuation Industry Overview comment for further commentary about outsourcing arrangements in New South Wales public sector superannuation funds.

Comment on SAS Trustee Corporation’s financial operations is included below. Comments on the Superannuation Administration Corporation are included elsewhere in this report.

For further information on the Fund, refer to www.statesuper.nsw.gov.au.

Controlled Entities

Comment on State Super Financial Services Australia Limited is included elsewhere in this report.

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.

Entity Name	Status	Website
State Infrastructure Trust	Entity is dormant	*
State Infrastructure Holdings (SEA Gas) Pty Ltd	Entity is dormant	*
Buroba Pty Ltd	Entity is dormant	*
Valley Commerce Pty Limited	Entity is dormant	*

* This entity does not have a website.

Trustee

SAS Trustee Corporation (the Corporation)

The SAS Trustee Corporation (the Corporation) is the trustee of the Fund, under the *Superannuation Administration Act 1996.* The Corporation holds in trust all assets of the 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.

The consolidated group comprises the Corporation and the controlled entity SAS Trustee Corporation Division of the Government Service of New South Wales.

Year ended 30 June	Consolidated		Corporation	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Revenue	33,519	33,959	32,526	33,089
Trustee Expenses	687	636	687	636
Executive Expenses	4,839	4,288	3,599	3,709
Fees for Services	2,318	1,928	2,318	1,928
Other Expenses	342	536	342	536
Scheme Administration Expenses	25,580	26,280	25,580	26,280
Net Assets (at 30 June)	--	--	--	--

The Corporation recovers all of its expenses from the Fund, in accordance with the *Superannuation Administration Act 1996.*

State Records Authority of New South Wales

Audit Opinion

The audit of the Authority's financial statements for the year ended 30 June 2011 resulted in an unmodified audit opinion within the Independent Auditor's Report.

Operational Snapshot

The Authority maintains 546 linear kilometres of record storage capacity and generated income of $20.3 million for a cost of $19.4 million.

The Authority has received $3.5 million to build its record keeping capacity

Key Issues

Digital Archiving (Repeat Issue)

Recommendation

The Authority establish a government digital archiving system in compliance with its enabling legislation.

On advice provided by the Crown Solicitor, I previously reported the Authority was in breach of its enabling legislation *State Records Act 1998.* The Authority continues to hold inaccessible public records and declines records because it does not have the infrastructure to access the information within the record.

The Authority was recently awarded $3.5 million over three years to build its capacity to accept, preserve and make available the government's digital records. During 2010-11, the Authority received the first instalment of $535,000 and expended $64,000. Having completed recruitment activities, the team is currently investigating infrastructure options.

Performance Information

The Authority provided the following information regarding its performance:

Year ended 30 June	Target	Actual			
	2011	2011	2010	2009	2008
Records in storage (linear metres)	425,000	467,000	434,232	413,320	395,477
Number of file retrieval operations	320,000	370,000	316,037	327,122	313,920
Number of catalogued record items discoverable online	336,393	455,592	306,393	269,832	239,876
Number of website visits	1,100,000	2,221,303	1,594,946	1,598,503	1,553,894
Number of paper records destroyed (linear metres)	5,000	18,330	15,177	15,787	13,242

Source: State Records Authority of New South Wales (unaudited).

The targets were set as part of the 2010-2015 Business Plan based on an assumption of a five per cent average increase in activity over the term of the plan. Website visits exceeded the target rate by approximately 1.1 million, primarily due to the use of links to social networking and media sites such as YouTube, Facebook and Flickr.

Other Information

Storage capacity

As I previously reported the Authority ran out of storage space in 2010-11. The Board has endorsed expansion of the Western Sydney Records Centre, but construction is not expected to commence until 2012. As a result, the capacity of the Records Centre remains unchanged at 435 linear kilometres of storage space. In order to satisfy demand the Authority leases additional storage of 111 linear kilometres.

Until the new building is constructed, the Authority will continue to expand its storage capacity by leasing off-site storage. While the Authority can lease off-site warehousing cheaply, it advises that these sites are of a lower standard and less efficient than purpose built facilities.

The table below shows current off-site storage locations and capacity:

Facility	Floor area (metres^2)	Storage capacity (linear metres)	Full %	Rent per annum $
Borec Road	760	13,320	94.6	64,404
Cassola Place 1	488	10,617	95.2	49,703
Cassola Place 2	435	10,462	92.3	42,906
Jack Williams 1	1,600	24,570	50.0	150,000
Jack Williams 2	1,500	27,000	80.7	150,000
Leland Street	2,227	10,368	100	200,000
Production Place 2	256	4,553	86.7	26,419
Production Place 5	266	4,967	95.5	27,581
Production Place11	300	5,000	100	29,400
Total	**7,832**	**110,857**	**88.3**	**740,413**

Source: State Records Authority of New South Wales (unaudited).

Financial Information

Abridged Statement of Comprehensive Income

Year ended 30 June	2011 $'000	2010 $'000
Sale of goods and services	13,684	11,923
Grants and contributions	6,450	5,934
Other	201	97
Total Revenue	**20,335**	**17,954**
Personnel services	12,723	10,772
Other	6,672	5,988
Total Expenses	**19,395**	**16,760**
Surplus	**940**	**1,194**
Total Comprehensive Income	**7,877**	**1,194**

Personnel services to the Authority are provided by the Department of Finance and Services.

During the year the financial performance of the Government Records Repository was affected by increased off-site leasing expenses and short term staffing costs to handle off-site records. Revenue increased as a result of the continued emphasis the Authority and its clients are placing on destruction, culling and transferring of records to archives.

Abridged Statement of Financial Position

At 30 June	2011 $'000	2010 $'000
Current assets	8,877	7,342
Non-current assets	59,723	53,907
Total Assets	**68,600**	**61,249**
Current liabilities	6,439	4,987
Non-current liabilities	--	1,978
Total Liabilities	**6,439**	**6,965**
Net Assets	**62,161**	**54,284**

Non-current assets mainly comprise the Authority's records centre in Western Sydney. This was revalued during the year, which increased by approximately $6.9 million

Non-current liabilities decreased due to the repayment of a loan.

State Archives

Whilst the Authority is the custodian of State archival collections (approximately 21,000 series or groups of records), these collections are not included in net assets. Due to the unique and irreplaceable nature of the collections and the absence of a legal market, the Authority cannot reliably measure the value of these items for inclusion in its assets.

Authority Activities

The Authority is established under the *State Records Act 1998.* It is responsible for managing the New South Wales State archives collection, setting the rules and providing guidance on the management of official records. The Authority also provides records storage services to the New South Wales public sector and other public sector entities, such as universities and local government.

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

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

State Super Financial Services Australia Limited

Audit Opinion

The audits of the Company, its two retail investment products and State Super Fixed Term Pension Plan's financial statements for the year ended 30 June 2011 resulted in unmodified audit reports within the Independent Auditor's Reports.

Operational Snapshot

State Super Financial Services Australia Limited provides New South Wales and Commonwealth public sector employees and their family members with financial planning and funds management services. It achieved positive returns in its retail investor products for the year. Funds under management were $9.3 billion at 30 June 2011.

The two retail investment products used are:

- State Super Retirement Fund (SSRF) – including State Super Personal Retirement Plan (SSPRP), State Super Allocated Pension Fund (SSAPF) and State Super Term Allocated Pension Fund (SSTAPF)
- State Super Investment Fund (SSIF).

Performance Information

Investment Performance of the Retail Investment Products

For its retail investment products, four investment choices are available to client investors for different investor risk profiles. These are:

- growth fund
- balanced fund
- capital stable fund
- cash fund.

The product performance tables below show the returns to investors for each of the Company's retail investment products. All funds performed positively in the current year following the recovery in the equity markets. The three and five year average measures were also positive for all funds.

State Super Personal Retirement Plan Investment Choice	Product Performance % per annum		
	1 Year	3 Year	5 Year
Growth fund	10.9	0.7	1.0
Balanced fund	9.3	2.8	2.5
Capital stable fund	4.5	4.4	3.9
Cash fund	3.6	3.4	4.0

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	11.4	1.3	1.2
Balanced fund	10.0	3.3	2.8
Capital stable fund	5.2	5.0	4.4
Cash fund	4.1	3.8	4.6

Source: State Super Financial Services Australia Limited.

State Super Investment Fund Investment Choice	Product Performance % per annum		
	1 Year	3 Year	5 Year
Growth fund	10.7	0.7	0.7
Balanced fund	9.4	2.8	2.4
Capital stable fund	4.9	4.7	4.2
Cash fund	4.0	3.8	4.7

Source: State Super Financial Services Australia Limited.

State Super Fixed Term Pension Plan is a defined benefit plan which closed for applications on 19 September 2004. The Plan invests in a product developed by Deutsche Bank AG (DBAG) to fund the defined benefits obligation. No performance information is therefore provided.

Also refer to the Superannuation Industry Overview comment for further commentary about performance information.

Financial Information

Abridged Statement of Comprehensive Income

Year ended 30 June	2011 $'000	2010 $'000
Income	100,563	87,668
Expenses	52,541	48,316
Profit before income tax	**48,022**	**39,352**
Income tax expense	14,446	11,785
Profit	**33,576**	**27,567**

Income comprises interest and fees from management of the retail investment products, including trustee fees of $94.4 million ($82.0 million in 2009-10). Income increased in 2011 due to increased funds under management. Expenses include staff expenses of $35.4 million ($32.7 million), administration expenses of $15.3 million ($13.8 million), depreciation and amortisation of $1.8 million ($1.8 million).

Abridged Statement of Financial Position

At 30 June	2011 $'000	2010 $'000
Current assets	54,474	46,566
Non-current assets	9,140	8,722
Total assets	**63,614**	**55,288**
Current liabilities	16,954	14,812
Non-current liabilities	1,068	893
Total liabilities	**18,022**	**15,705**
Net assets	**45,592**	**39,583**

Funds under management are not included in the statement of financial position. Funds under management increased by 15.3 per cent to $9.3 billion at 30 June 2011. The Company contracts the investment management of these funds to external investment managers. Refer to the Superannuation Industry Overview comment for further commentary about outsourcing arrangements.

Company Activities

The Company was established by the SAS Trustee Corporation and is 100 per cent owned (at 30 June 2011) by the SAS Trustee Corporation Pooled Fund of which SAS Trustee Corporation is the Trustee. It provides past and present New South Wales and Commonwealth public sector employees and their family members with financial planning and funds management services. Comment on the SAS Trustee Corporation Pooled Fund is included elsewhere in this report.

The Company acts as the Responsible Entity for the State Super Investment Fund, and as 'Registrable Superannuation Entities' Licensee for the State Super Retirement Fund and State Super Fixed Term Pension Plan.

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

WorkCover Authority of New South Wales

Audit Opinion

The audits of the WorkCover Authority of New South Wales (the Authority) and its controlled entity's financial statements for the year ended 30 June 2011 resulted in unmodified audit opinions within the Independent Auditor's Reports.

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

Operational Snapshot

The Authority is an agency of the Compensation Authorities Staff Division. It administers:

- work health and safety
- licensing and registration
- workers compensation insurance
- workers compensation benefits
- return to employment for injured workers.

The Authority made a profit of $3.3 million for the year ended 30 June 2011.

Key Issues

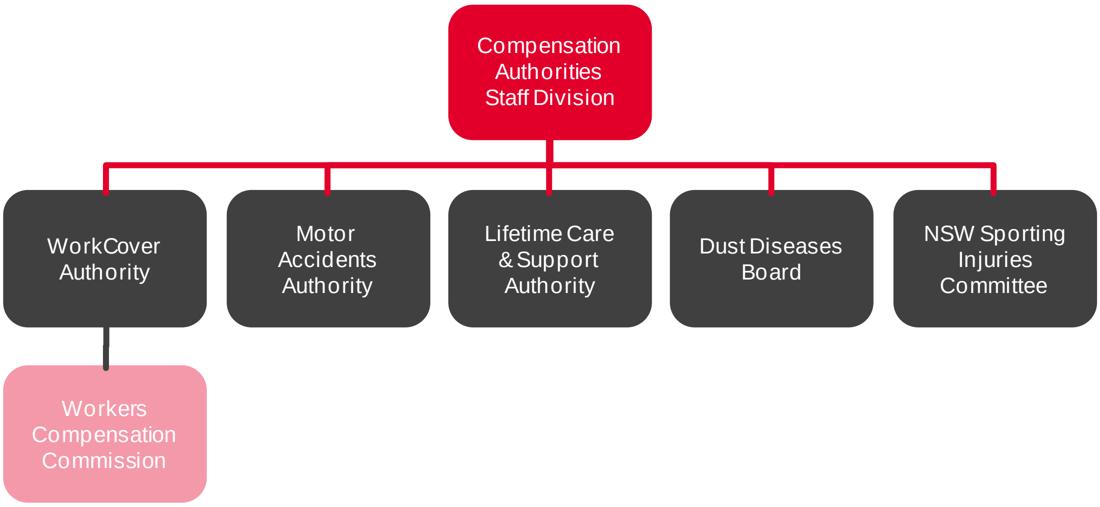
Compensation Authorities Staff Division Structure

Recommendation

The Treasury should review the current Compensation Authorities Staff Division (CASD) structure to ensure it is not exposed to governance and operational risks as it interacts with individual agency governing Board.

CASD was formed on 1 July 2009 as an employment division by merging the former Office of WorkCover Authority and the former Office of Motor Accidents Authority.

The current structure of CASD is:



Each agency currently retains its own governing board or committee, with a combined audit and risk committee at the CASD level. There is only one Chief Executive Officer (CEO) for CASD and all the agencies.

CASD has extended its role beyond providing personnel to agencies and it is involved in management oversight of all the agencies.

An observation based on the structure is that CASD appears to control all the agencies in the group. However the structure is viewed as an administrative arrangement only. Due to the absence of control, consolidated financial statements were not required.

Performance Information

Workplace Injury Rates

Year ended 30 June	Workplace Injuries			
	2010	2009	2008	2007
Incidence rate (a)	9.1	10.0	10.0	9.9
Frequency rate (b)	5.4	6.0	5.8	5.8
Fatalities	51	75	53	69
Permanent disability	3,980	4,302	4,775	5,205

Source: New South Wales Workers Compensation data and WorkCover Authority (unaudited).

a Incidence rate measure the number of injuries per 1,000 employees.

b Frequency rate is the number of injuries per million hours worked.

To measure the effectiveness of its activities to minimise workplace injury, the Authority looks at changes in the incidence rates for major injuries and workplace fatalities. The Authority advised that the most recent figures available are for 2009–10 and show that work place injury rates continue at their lowest levels since the workers compensation scheme commenced in 1987.

In 2010, the industries that experienced the highest rate of work place fatalities were transport and mining (12 per 100,000 employees), construction (5.3 per 100,000 employees) and mining (3 per 100,000 employees). In 2009, the industries with the highest rates were mining (10.6 per 100,000 employees), agriculture, forestry and fishing (9.4 per 100,000 employees) and transport and storage (7.9 per 100,000 employees).

Male employees represented the majority of work place fatalities in 2010, 50 of the 51 recorded fatalities were male.

Enforcement Activity

Year ended 30 June	Notices Issued		
	2011	2010	2009
Penalty notices (a)	587	688	690
Prohibition notices (b)	832	856	769
Improvement notices (c)	11,318	12,161	10,863
Confirmation of advice records (d)	2,272	2,486	2,460

Source: WorkCover Authority Annual Report (unaudited).

a Issued for offences under the *Occupational Health and Safety Act 2000*, Occupational Health and Safety Regulation 2001 and the Occupational Health and Safety (Clothing Factory Registration) Regulation 2001 where it appears that a person has committed an offence.

b Issued in response to an immediate risk to the health or safety of any person and prohibits the activity until the risk is remedied. These will usually, but not always, constitute a breach of the *Occupation Health and Safety Act 2000* or Occupational Health and Safety Regulation 2001.

c Issued in response to apparent breaches of the *Occupation Health and Safety Act 2000*, the Occupational Health and Safety Regulation 2001 or the Occupational Health and Safety (Clothing Factory Registration) Regulation 2001 or for administrative breaches of legislation, to rectify systems of work or hazards which do not pose an immediate risk to the health or safety of any person.

d Encourage employers to examine how they can make improvements to the way they are managing workplace safety.

The Authority focuses on providing information and advice to ensure employers meet their workplace safety obligations, and attributes this to the general reduction in the number of prohibition and penalty notices issued.

Other Information

Government Licensing System

During the year the Authority commenced changing its licensing systems from the in-house built legacy systems to the Government Licensing System (GLS). This system was developed by the Department of Finance and Services, with all New South Wales government agencies that issue licenses, encouraged to use this system. Changing to the GLS has resulted in a $2.3 million write-down of the Authority's legacy systems.

Employment of Contractors

Last year, I reported that the Authority did not maintain a central registry for all contractors engaged. Records were decentralised and maintained by each branch. I recommended that the Authority should maintain a central registry, which should also periodically review the roles and responsibilities of all their contractors to ensure:

- reliance on contractors is not excessive
- use of contractors instead of permanent employees is appropriate
- contractors do not become de facto employees by virtue of being with an entity for an extended period of time
- use of contractors continues to represent value for money.

In response, the Authority has advised that it does have a process around the engagement of contractors but this process is fragmented and needs to be tightened up to provide a more comprehensive framework for the overall management of contractors, including the maintenance of a central register of contractors.

Financial Information

Abridged Statements of Comprehensive Income

Year ended 30 June	Consolidated		Parent	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Contributions	226,701	199,544	226,701	199,544
Investment revenue	13,215	14,130	13,215	14,130
Other	28,978	29,643	29,833	30,468
Total Revenue	**268,894**	**243,317**	**269,749**	**244,142**
Total Expenses	**265,623**	**269,167**	**266,478**	**269,992**
Surplus/(Deficit)	**3,271**	**(25,850)**	**3,271**	**(25,850)**
Other Comprehensive Income				
Transfer from asset revaluation reserve	621	--	621	--
Revaluation of land and buildings – decrement	(621)	(1,704)	(621)	(1,704)
Total Comprehensive Income/(Expense)	**3,271**	**(27,554)**	**3,271**	**(27,554)**

Contributions increased by $27.2 million during the year. This mainly relates to an increase in funding needed to offset the increase in claims related to its workers compensation funds. The funds are operated on a break-even basis, with funding received from either Treasury or the Insurers Guarantee Fund, depending on from where the claim originated. The funds are covered in more detail under the Authority Activities in this report.

Investment revenue decreased slightly. Although the financial markets were recovering from the global financial crisis at the start of the financial year, by the end of the year the markets were in decline again.

While expenses were relatively stable during the year, the increase in contributions resulted in a surplus at 30 June 2011.

Abridged Statements of Financial Position

At 30 June	Consolidated		Parent	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Cash and investments	187,774	180,684	187,773	180,683
Other	88,921	92,162	88,085	90,581
Total Assets	**276,695**	**272,846**	**275,858**	**271,264**
Outstanding claims	127,908	109,828	127,908	109,828
Other	184,782	202,284	183,945	200,702
Total Liabilities	**312,690**	**312,112**	**311,853**	**310,530**
Net Liabilities	**35,995**	**39,266**	**35,995**	**39,266**

Total liabilities were reasonably stable during the current year due to a reduction in payables being offset by an increase in outstanding claims. Payables decreased by $13.3 million, mainly due to a one-off accrual in the prior year of $10.0 million relating to an over claimed contribution from the Nominal Insurer. Outstanding claims increased by $18.1 million in the current year due to the change in the actuarial assessed future claims.

The $7.1 million increase in cash and investments is a result of the strong investment markets, at the start of the financial year.

The financial statements were prepared on a going concern basis. The *Workplace Injury Management and Workers Compensation Act 1998* allows for additional funding for the Authority to be provided from the Workers Compensation Nominal Insurer, subject to minister's approval.

Authority Activities

The WorkCover Authority of New South Wales is constituted under the *Workplace Injury Management and Workers Compensation Act 1998.*

The Authority:

- promotes the prevention of work-related injuries and diseases and assists workplaces to become healthier and safer
- promotes prompt, efficient and effective management of injuries to persons at work
- ensures efficient operation of workers compensation insurance arrangements
- coordinates the administration of schemes relating to workers compensation and occupational health and safety legislation.

The Authority directs, controls and manages four active funds, namely the WorkCover Authority Fund, the Insurers' Guarantee Fund, the Emergency and Rescue Workers Compensation Fund and the Bush Fire Fighters Compensation Fund. The Authority's financial report combines the results and financial positions of these funds. The NSW WorkCover Scheme's operations are not included in the financial report. The Chief Executive Officer of the Authority and the Board of Directors are subject to the control and direction of the Minister for Finance and Services.

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

Controlled Entity

Workers Compensation Commission of New South Wales

Year ended 30 June	2011 $'000	2010 $'000
Revenue	29,507	33,098
Personnel services expenses	14,243	11,914
Other expenses	15,264	21,184
Total Comprehensive income	--	--
Net assets (at 30 June)	--	--

The commission's operations are funded by the Authority.

The commission is constituted under the *Workplace Injury Management and Workers Compensation Act 1998*. The commission is an independent statutory tribunal that resolves workers' compensation disputes between injured workers and employers.

For further information on the commission, refer to www.wcc.nsw.gov.au.

Workers' Compensation (Dust Diseases) Board

Higher than expected mesothelioma claims have contributed to an increase in compensation paid during the year

Audit Opinion

The audit of the Workers' Compensation (Dust Diseases) Board's financial statements for the year ended 30 June 2011 resulted in an unmodified audit opinion within the Independent Auditor's Report.

Operational Snapshot

The Board provides no fault compensation and services to workers who develop a dust disease from occupational exposure to dust as a worker in New South Wales. Outstanding claims liabilities were $1.7 billion at 30 June 2011.

Performance Information

Year ended 30 June	Actual Performance		
	2011	**2010**	**2009**
Compensation applications received	767	758	808
Medical Authority certificates issued for dust diseases	348	303	336
Compensation awards approved (a)	525	475	480
Compensation paid ($m)	70.7	66.5	62.8

Source: Dust Diseases Board (unaudited except for compensation paid figures).

a Includes awards to workers and dependants.

Compensation paid increased by 6.3 per cent in 2011 due mainly to higher payments for workers with mesothelioma as well as indexations to payment rates to reflect movements in wage rates in New South Wales.

Investment Performance of the Board

The following table compares the returns earned on the Board's investments against similar New South Wales Treasury Corporation (TCorp) investments:

Type of Investment	TCorp	The Board's Return		
	2011 %	**2011 %**	**2010 %**	**2009 %**
0–2 years Cash Plus	5.4	5.3	4.5	5.1
2–7 years Bond Market	7.1	6.9	12.2	8.1
7+ years Long Term	8.5	9.9	8.3	(26.0)

Source: Dust Diseases Board (unaudited).

The Board's investments are held with nine fund managers, including TCorp, across cash, fixed interest and long-term growth facilities. The fixed interest facility has an investment horizon of two to seven years, while the long-term growth facility has an investment horizon of seven years and over. These facilities have the potential to earn higher returns over the long-term than cash based facilities, but can experience greater volatility in the short to medium term.

Financial Information

Abridged Statement of Comprehensive Income

Year ended 30 June	2011 $'000	2010 $'000
Dust diseases levy	88,732	84,445
Investment revenue	55,744	52,818
Contributions receivable increase/(decrease)	31,993	(59,770)
Other	538	627
Total Revenue	**177,007**	**78,120**
Compensation expense	163,617	70,899
Other	6,621	7,221
Total Expenses	**170,238**	**78,120**
Surplus	**6,769**	**--**
Other Comprehensive Income	**582**	**--**
Total Comprehensive Income for the Year	**7,351**	**--**

The Board's revenue and expenditure are subject to large variations because of movements in the outstanding claims liability valuation. Compensation expenses increased by $74.4 million in 2010–11 due to higher provisions for claims valuation compared to a decrease of $23.5 million last year. Compensation expenses include claims paid during the year and actuarially assessed movements in the outstanding claims liability. Changes in economic and other actuarial assumptions can significantly affect the outcome.

The cost of compensation claims and other costs of the Board are recovered from employers through the dust diseases levy. The increase or decrease in contributions receivable represents the change in future levies required to fund compensation claims. The increase in contributions receivable of $32.0 million largely reflects the increase in the outstanding claims liability expense compared to the prior year.

Abridged Statement of Financial Position

At 30 June	2011 $'000	2010 $'000
Contributions receivable	1,011,793	979,800
Investments	616,004	540,469
Other assets	69,635	100,810
Total Assets	**1,697,432**	**1,621,079**
Outstanding claims	1,681,679	1,605,032
Other liabilities	6,776	14,421
Total Liabilities	**1,688,455**	**1,619,453**
Net Assets	**8,977**	**1,626**

The decrease in other assets, which includes cash and cash equivalents, and the increase in investments, reflects the reallocation of cash to investments. The increase in investments reflects net positive market movements during the year.

Contributions receivable represent the current shortfall in outstanding claims to be funded through future levies. It increased in 2010–11 due to changes in actuarial assumptions regarding claim patterns.

The decrease in other liabilities, which includes dust diseases levy creditors, was due to a lower hindsight adjustment compared to the prior year as the number of policies written by licensed insurers exceeded expectations during the final quarter.

The Board's Activities

The Board administers fortnightly compensation payments and medical expense payments to eligible disabled workers who contract a specified dust disease. Workers' dependants receive lump sum payments and 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 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 common law claims of dust disease sufferers. The *Workers' Compensation (Dust Diseases) Act 1942* gives authority to impose levies each year to meet the Board's annual operating costs.

The Board is subject to the direction and control of the Minister for Finance and Services. For further information on the Workers' Compensation (Dust Diseases) Board, refer to www.ddb.nsw.gov.au.

Workers Compensation Nominal Insurer (trading as the NSW WorkCover Scheme)

Audit Opinion

The audit of the NSW WorkCover Scheme's (the Scheme) financial statements for the year ended 30 June 2011 resulted in an unmodified audit opinion within the Independent Auditor's Report.

Operational Snapshot

The Scheme collects premiums for workers compensation insurance policies and pays benefits to injured workers.

The Scheme's investments balance at 30 June 2011 was $11.4 billion to meet long-term claims. The outstanding liability for benefit payments to injured workers was $14.7 billion.

The Scheme's financial position deficiency continued to deteriorate and was $2.4 billion at 30 June 2011

Key Issues

Financial Position of the Scheme

The Scheme's net asset deficiency increased by $780 million to $2.4 billion at 30 June 2011. The majority of the deficiency was incurred during the global financial crisis.

The estimated premium collection for 2011-12 is below requirements

The Scheme aims to maintain an asset to liability ratio between 90 and 110 per cent. This ratio decreased to 85 per cent at 30 June 2011 from 107 per cent in 2007. If the deterioration continues, the Scheme may need to increase premium rates. The movements in the Scheme's funding ratio for the last five years were:

At 30 June	2011	2010	2009	2008	2007
(Surplus)/deficit ($m)	780	101	2,107	187	(727)
Net assets/(liabilities) ($m)	(2,363)	(1,583)	(1,482)	625	812
Funding ratio (%)	85	89	89	104	107

In the June 2011 valuation, the Scheme's actuary estimated the Scheme will not return to surplus until sometime after 2020, a significant change from last year's estimate of 30 June 2018.

The Scheme's actuary attributed the decrease in the projected solvency of the Scheme to:

- the deterioration in the outstanding claims valuation due to changes in actuarial assumptions, an increase in assumed inflation rates and the lower discount rate
- the collected premium rate (1.68 per cent of wages) is now below the Scheme's break-even rate (1.73 per cent) based on the risk-free investment return. As a result, the Scheme needs to earn greater investment returns to address the continuing deterioration.

The government does not own the net liability of the Scheme. The net liability can be reduced by:

- improved claims management
- improved returns on investments
- reduced benefits to injured workers
- increased premiums paid by employers.

Statutory Non-Economic Benefits – Maximising Claims

Changes in workers compensation claimants' behaviour indicates attempt to maximise claims resulting in increased Scheme costs

Under the *Workers Compensation Act 1987* injured workers are entitled to compensation for permanent impairment (section 66) and pain and suffering (section 67). These types of benefits are known as statutory non-economic loss benefits.

In recent years there has been deterioration in several parts of the permanent impairment experience. There is increased concern about the extent of second, third and fourth claims for permanent impairment benefits. These additional claims indicate that injured workers are attempting to reach particular thresholds of impairment to establish entitlement to other benefits. The proportion of permanent impairment claims now resulting in 'pain and suffering' claims have dramatically increased. Scheme liabilities have increased significantly as a result.

The change indicates that workers and their advisors are becoming more familiar with the rules for particular benefit entitlements, and are behaving so as to maximise their claims. According to the Scheme's actuary, after any significant reform process it takes a few years for entitlements to become clear and for workers to establish the optimal claiming procedure and pattern. This process of optimisation may increase Scheme costs.

Workplace Injury Damages Claims

Lump sum claims may be re emerging resulting in dramatic increased workers compensation costs. Proactive management is required

Workplace Injury Damages (WID) claims are made when an injured worker takes legal action against their employer. Damages are paid as one lump sum and only cover the economic loss of past and future earnings. These types of claims emerge slowly over time, and are finalised even more slowly.

The Scheme's actuary significantly increased the projection of WID claims this year from about 400 WID per half year to about 490.

If the 'lump sum culture' re-emerges on the Scheme, then WID may be considerably higher in future, with dramatically increased Scheme costs.

There is an increase in the liability for WID payments based on emerging experience which may continue to deteriorate in the short to medium-term and a higher WID liability. The actuary advised that this is an area where WorkCover Authority of New South Wales' management can potentially influence outcomes by proactive management of these claims in coming periods.

Performance Information

Number of Claims Incurred

The Scheme is responsible for claims incurred from 1986-87. The Scheme's actuary estimated the total number of claims incurred over the life of the Scheme was 2,600,316.

The trend in claims incurred over the last five years is:

At 30 June	2011	2010	2009	2008	2007
Claims incurred	76,343	79,891	82,714	88,637	88,194
Claims not yet reported	6,211	2,237	1,642	1,170	839
Total Claims	**82,554**	**82,128**	**84,356**	**89,807**	**89,033**

In recent years the number of claims reported has decreased, which is attributed to the general downturn in the economy resulting from company closures and downsizing following the global financial crisis and improved occupational health and safety practices by employers.

Investment Performance of the Scheme

The following table shows the Scheme's actual and benchmark investment return percentages for the last three years:

Year ended 30 June	Investment Performance per annum		
	2011 %	2010 %	2009 %
Investment return/(loss)	8.0	11.0	(7.9)
Benchmark return/(loss)	7.6	11.3	(8.7)

Source: WorkCover New South Wales Annual Report (unaudited).

Since the Scheme's commencement, its investments have returned 5.2 per cent per annum and outperformed the benchmark by 0.6 per cent. Investment losses incurred in previous years were consistent with the poor performance in global financial markets.

Credit worthiness of the Scheme's Investments

Indexed and interest bearing investments comprise 67 per cent of the Scheme's investments. An investment's credit rating is a key measure of its credit worthiness (or likelihood of default). Credit ratings of the Scheme's cash and interest bearing investments at 30 June were:

At 30 June	2011 %	2010 %
Rating:		
AAA/aaa	83	74
AA/Aa	9	8
A/A	5	15
BBB	3	3
Total	**100**	**100**

Source: WorkCover New South Wales Annual Report.

Investments rated BBB and above are considered investment grade. The Scheme increased its AAA rated securities by increasing its holdings of Australian fixed interest bonds, most of which are high quality AAA rated bonds.

Lower rated investments are more susceptible to adverse changes in issuer circumstances and economic conditions, which may impact the value of the investment.

Other Information

Retro Paid Loss Scheme

Since 30 June 2009, employers who met certain criteria could apply to have their workers compensation insurance premium calculated using an alternative method, the Retro Paid Loss Scheme. Under this process, employers pay a deposit premium covering the period of insurance, with subsequent premium adjustments to reflect the actual costs of claims incurred.

As the insurance premium for these employers is not finalised for five years from the commencement of the insurance, each employer is required to lodge security with the Scheme. The amount of the security represents the difference between the premium paid to date and the maximum amount of premium the employer may need to pay. Acceptable forms of security include cash or bank guarantees.

At 30 June 2011, there were 200 (125 in 2010) employers participating in the Retro Paid Loss Scheme and the Scheme held security deposits comprising cash and bank guarantees of $494 million ($260 million).

Financial Information

Abridged Statement of Comprehensive Income

Year ended 30 June	2011 $m	2010 $m
Net earned premiums	2,495	2,395
Investment income	922	1,080
Other income	13	26
Total Revenue	**3,430**	**3,501**
Net claims incurred	3,518	2,978
Management fees	333	328
Statutory levies	233	228
Other expenses	126	68
Total Expenses	**4,210**	**3,602**
Deficit	**780**	**101**
Other Comprehensive Income	--	--
Total Comprehensive Expense	**780**	**101**

The Scheme had realised and unrealised investment gains of $393 million in 2011 ($842 million in 2010). Investment gains in the prior year benefited from the recovery in the financial markets following the global financial crisis in 2008.

The increase in net claims of $540 million was due to the increase in the outstanding claims liability in 2011. This reflects changes in the assumptions used by the Scheme's actuary, including assumed discount and inflation rates.

Abridged Statement of Financial Position

At 30 June	2011 $m	2010 $m
Investments	11,381	10,719
Other	1,946	1,745
Total Assets	**13,327**	**12,464**
Outstanding claims	14,737	13,152
Other	953	895
Total Liabilities	**15,690**	**14,047**
Net Liabilities	**2,363**	**1,583**

Investments increased by $662 million due to increases in the value of the Scheme's investments as financial markets recovered from the global financial crisis.

Outstanding claims increased by $1.6 billion largely due to changes in discount and inflation rates of $521 million and other assumptions used by the Scheme's actuary, $829 million. New claims incurred in 2011 were $2.3 billion ($2.1 billion in 2010), while claims payments were $2.0 billion ($2.0 billion).

Investments

At 30 June	2011 $m	2010 $m
Indexed and interest bearing securities	7,597	7,037
Australian equities	702	487
International equities	1,473	1,465
Unit trusts	1,465	1,479
Derivative assets	144	251
Total Investments	**11,381**	**10,719**
Derivative liabilities	125	286
Net Investments	**11,256**	**10,433**

The Scheme's strategic asset allocation changed during the year. The Scheme increased growth asset holdings such as equities by two per cent, with the corresponding decrease in defensive assets such as bonds.

Scheme Activities

The Scheme was established under the *Workers Compensation Act 1987*. It comprises two entities, the Workers Compensation Nominal Insurer and the Workers Compensation Insurance Fund. The Nominal Insurer manages the Insurance Fund.

The Nominal Insurer operates as a licensed workers compensation insurer. The Insurance Fund holds premiums, investment funds and all other funds received. Effective operation of the Nominal Insurer and Insurance Fund commenced on 1 July 2005 when the assets and liabilities of the former WorkCover Scheme Statutory Funds were transferred to the Insurance Fund and the Nominal Insurer.

The WorkCover Authority does not control, but does act, for the Nominal Insurer.

The *Workplace Injury Management and Workers Compensation Act 1998* established the Workers Compensation Insurance Fund Investment Board to determine investment policies for Insurance Fund assets. The Investment Board reports to the minister on the investment performance of the Insurance Fund.

For further information on the Scheme, refer to www.workcover.nsw.gov.au.

Building Insurers’ Guarantee Corporation

Outstanding liabilities have increased by a further $5.4 million to $154 million

Audit Opinion

The audit of the Building Insurers’ Guarantee Corporation’s (the Corporation) financial statements for the year ended 30 June 2011 resulted in an unmodified audit opinion within the Independent Auditor’s Report.

The Independent Auditor’s Report drew attention to significant uncertainty in the valuation of the Corporation’s outstanding claims liability. The uncertainty arises mainly because of limitations in the reliability of case estimates, the complexity of remaining claims, the potential impact of the settlement of individual large claims and individual court decisions.

Operational Snapshot

The Corporation administers one of the government’s rescue packages created in response to the collapse of the HIH Insurance Group (HIH). The Corporation recognises a liability in respect of home warranty insurance claims on policies issued by HIH. Treasury provides funding to the Corporation for all approved claim payments.

The Corporation settled 27 claims during the year costing the government $5.9 million. The growth of liabilities continues to be of concern. At 30 June 2011 they had increased by a further $5.4 million to $154 million.

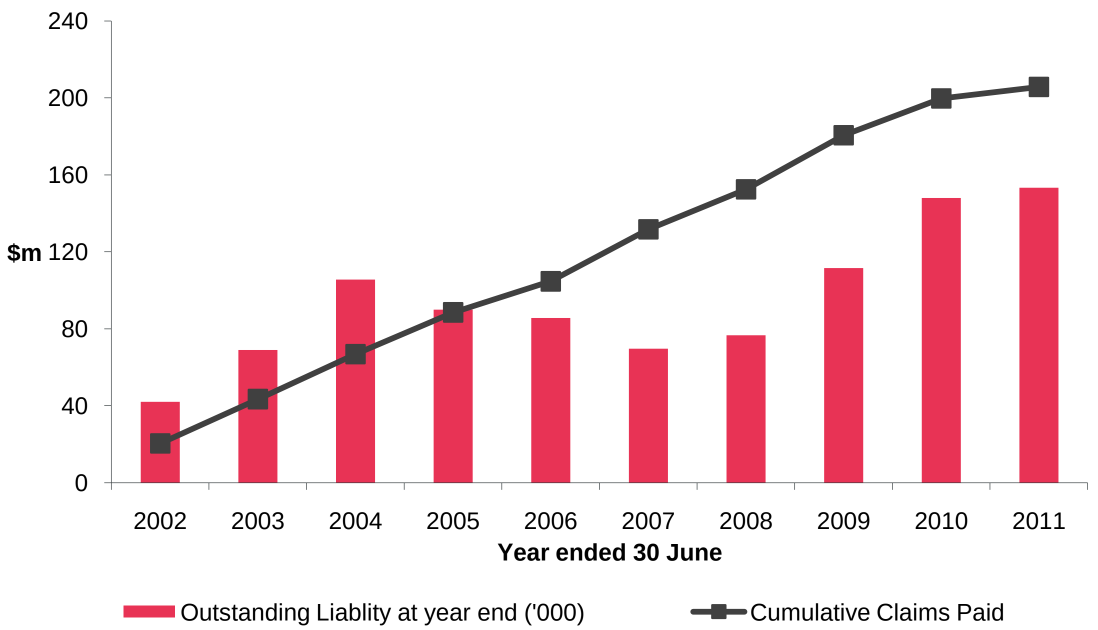
Key Issue

Recommendation

The Corporation continue to closely monitor the claims liability and take appropriate action to ensure claims are finalised as soon as practicable.

After initial growth in the estimate of claims, the liability for outstanding claims was expected to decrease as claims were paid. This has not occurred. Since 2007 the liability has continued to grow and as at 30 June 2011, the present value of further claim payments is estimated at $154 million.

Since inception of the scheme, the Corporation has paid a total of $206 million for claims made against HIH insurance policies. This has been partly recouped by $110 million in recoveries from the HIH liquidators and reinsurers.



In 2010, I recommended the Corporation closely monitor the claims liability and work closely with the Actuary and Treasury early in the year to reduce uncertainty. In August 2011, management of the Corporation was transferred to the NSW Self Insurance Corporation.

Financial Information

Abridged Statement of Comprehensive Income

Year ended 30 June	2011 $'000	2010 $'000
Government contributions	9,800	22,400
Other	38	375
Total Revenue	**9,838**	**22,775**
Net insurance claims and provisions	11,024	54,255
Administrative services	1,893	3,007
Other operating expenses	1,974	2,152
Total Expenses	**14,891**	**59,414**
Deficit	**5,053**	**36,639**
Total Comprehensive Income	**5,053**	**36,639**

The government contribution received each year is largely dependent on the value of claims paid during the period and administrative costs incurred.

Abridged Statement of Financial Position

At 30 June	2011 $'000	2010 $'000
Total Assets	**1,857**	**1,372**
Total Liabilities	**153,569**	**148,031**
Net Liabilities	**151,712**	**146,659**

Estimated outstanding claims liability increased to $153 million ($148 million). As stated above, the Corporation relies on payments from Treasury from the Building Insurer's Guarantee Fund to meet claims costs and administration expenses.

Corporation Activities

The Corporation's principal role is to administer the Building Insurers' Guarantee Fund. The fund is established under the *Home Building Act 1989* as a consequence of the collapse of the HIH Insurance Group in March 2001. This collapse 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 Insurance Group.

The Corporation is now managed and controlled by the Treasurer.

Further information is available at www.fairtrading.nsw.gov.au.

New South Wales Treasury Corporation

The State of New South Wales maintains its AAA credit rating

Audit Opinion

The audits of New South Wales Treasury Corporation (TCorp) and its controlled entities' financial statements for the year ended 30 June 2011 resulted in unmodified audit opinions, within the Independent Auditor's Reports.

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

Operational Snapshot

TCorp is the central financing authority for the New South Wales public sector. It raises funds in the financial markets, which it lends to government agencies.

Year ended 30 June	2011 $'000	2010 $'000
Profit after tax	106,018	48,814
Loans to the New South Wales public sector	49,515,921	44,627,907
Assets managed for the New South Wales public sector	20,574,361	14,583,562
Liabilities managed for the New South Wales public sector	36,016,000	31,039,071

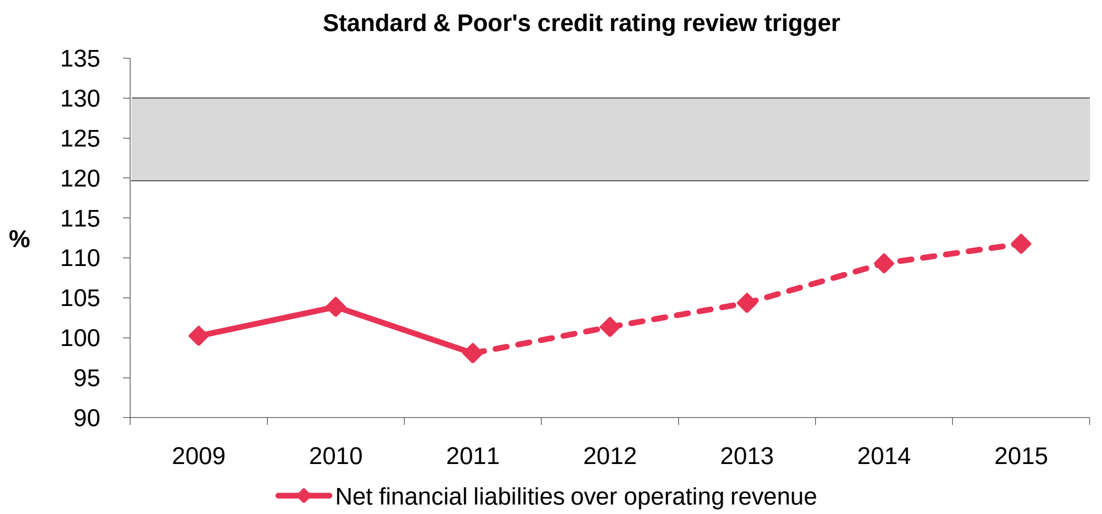
Key Issues

Credit Ratings

The State of New South Wales and TCorp have both maintained credit ratings of AAA from Standard and Poor's, Aaa/Stable from Moody's Investors Service and AAA from FitchRatings. Each of the ratings agencies has assessed the State's credit rating outlook as being stable. The 2011-12 Budget did not impact on ratings or outlooks. For credit ratings purposes TCorp's rating is closely related to the credit rating of the State.

Whilst the ratings agencies note that New South Wales is well placed compared to other Australian jurisdictions, they also acknowledge a need to maintain fiscal discipline. In September 2011, Standard and Poor's noted the government's achievement of budget forecasts is based on the implementation of ambitious savings and revenue measures. It also reiterated that the AAA credit rating could be downgraded if the expected debt and net financial liability levels exceed relevant rating thresholds over the medium term.

The following graph shows a predicted increase in the ratio of net financial liabilities to operating revenue over the medium term, which Standard and Poor's have identified as needing to stay below 120-130 per cent to avoid triggering a rating review:



Source: 2011-12 budget papers (unaudited)

Note: Standard and Poor's definition of net financial liabilities is net debt plus unfunded superannuation liabilities

Waratah Bonds

The Treasurer launched the Waratah Bond Programme on 28 August 2011. Two fixed rate bonds offerings are available for three-year and ten-year terms with a minimum investment of $10,000. At the date of this report, TCorp has issued approximately $17.0 million of the Waratah bonds.

There is an ongoing cost to maintain the bonds issued. If they prove to be uncompetitive, TCorp could incur an ongoing loss.

Performance Information

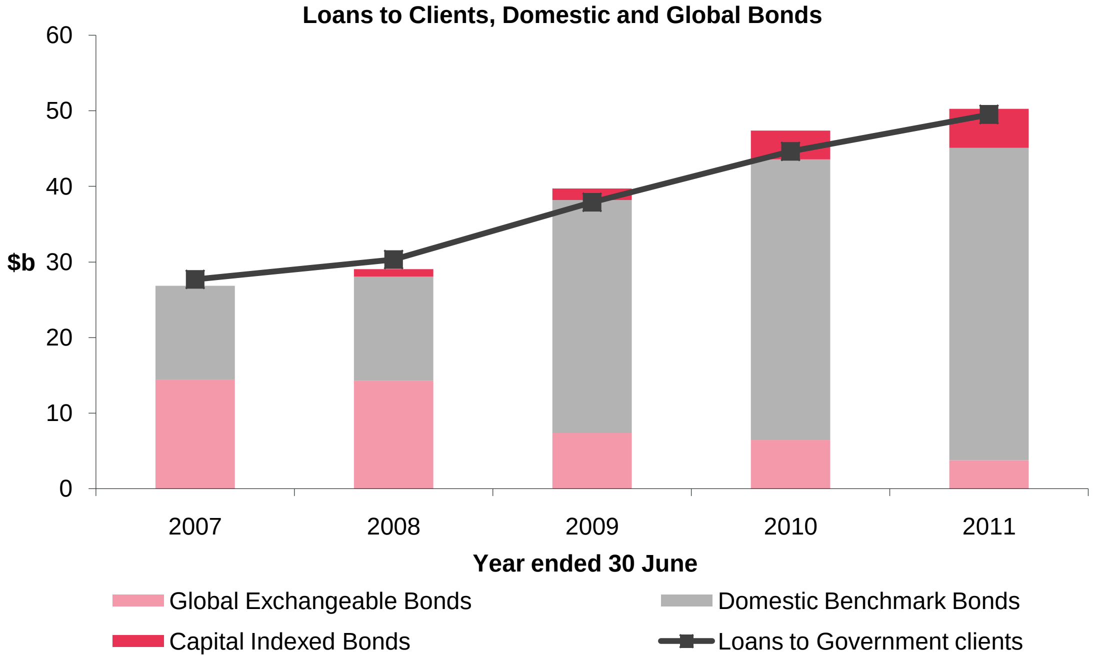
Funding the New South Wales Public Sector

TCorp provides loans to New South Wales public sector agencies to fund infrastructure investment programs. The government's 2011–12 Infrastructure Statement plans for increased capital spending in the road and health sectors. Demand for financing projects to improve transport and the delivery and supply of electricity and water is strong. Loans to the electricity generators decreased following the electricity sale transactions, but this was offset by increased demand from other electricity clients.

Over the past five years, the funding opportunities in non-Australian dollar markets were limited so bonds have increasingly been issued into the stronger Australian dollar market. TCorp raised $11.2 billion ($12.0 billion in 2009–10) during the year. TCorp used these funds, along with the $5.5 billion pre-funded in 2009–10, to finance the $4.9 billion ($6.7 billion) net increase in client loans and to refinance existing liabilities of $8.8 billion ($5.5 billion). The balance was invested in short-term liquid investments to meet liquidity and 2011–12 client funding requirements.

The State of New South Wales has participated in the Commonwealth Government Guarantee Scheme since June 2009. The Guarantee Scheme closed to new issuances from 31 December 2010. Total guarantee fees paid by the State in 2010–11 were $31.1 million ($27.5 million). TCorp continues to offer State guaranteed bonds to encourage investors to switch from their current Commonwealth guaranteed bonds. This strategy resulted in $4.1 billion in Commonwealth guaranteed bonds being retired during 2010–11 and will reduce guarantee fees in the future. Total Benchmark Bonds on issue were $45.1 billion ($43.6 billion) at 30 June 2011, which includes $18.5 billion ($22.7 billion) of Commonwealth guaranteed borrowings.

TCorp continued its commitment to issue capital indexed bonds (CIB) with $5.2 billion ($3.8 billion) on issue at year-end. This is a favoured source of funds for entities whose revenues are subject to movements in CPI, for example regulated utilities.



Loans to Government Clients

Year ended 30 June	2011 $'000	2010 $'000
New South Wales Public Sector Clients		
Crown entity	18,968,696	15,795,552
Electricity sector	17,576,654	17,135,231
Transport sector	1,652,658	1,165,053
Water sector	8,850,528	8,022,047
Other sectors	2,425,283	2,467,208
Universities	42,102	42,376
Total Loans to Government Clients	**49,515,921**	**44,627,907**

The 2011–12 budget papers project $62.6 billion of capital spending over the four years to June 2015. The balance of funding required will come from other sources including agencies revenues. TCorp expects its loans to clients to increase by $21.3 billion over the next four years.

Refer to industry Overviews and individual agency comments in this and other Volumes of my 2011 Report for details on capital programs and borrowings.

Management of Client Debt

TCorp managed 21 client debt portfolios with a total portfolio volume at 30 June 2011 of $36.0 billion ($31.0 billion). The largest portfolio was Treasury's $19.0 billion ($15.7 billion) Crown debt portfolio. During the year, TCorp reduced client interest costs by repositioning portfolio durations to take advantage of interest rate movements. All managed debt portfolios outperformed their benchmarks resulting in clients paying performance fees for TCorp.

TCorp is introducing a new debt management product to increase flexibility in managing regulatory risk. The product will allow clients to more quickly switch between different loan types to better align their portfolios with market conditions and business risks.

Management of Client Investments

TCorp's asset management services comprise Hour-Glass investment facilities, which are mainly outsourced to external fund managers, and internally managed cash and bond portfolios.

Hour-Glass Investment Facilities

Hour-Glass investment facilities are managed funds established to meet the investment needs of public sector agencies. During the global financial crisis, these products outperformed respective benchmarks and the clients' investments remained liquid.

The strategies adopted for cash facilities continued to be successful throughout the year and exceeded benchmark returns. The Medium-Term and the Long-Term Growth Facilities outperformed their benchmark through effective hedging of currency exposures and active management in the cash and fixed interest sectors.

TCorp provided the following information regarding its performance for Hour-Glass investment facilities:

Year ended 30 June	2011	2010	2009	2008
Hour-Glass cash facility return %pa	5.37	4.46	5.35	6.82
Benchmark index return %pa	4.98	3.89	5.48	7.34
Total Market Value $m 30 June	**3,747**	**3,465**	**3,053**	**3,270**
Hour-Glass strategic cash facility return %pa (a)	5.58	4.62	5.80	--
Benchmark index return %pa	4.98	3.89	5.48	--
Total Market Value $m 30 June	**1,724**	**1,632**	**990**	**--**
Hour-Glass medium term growth facility return %pa	7.13	8.69	0.73	(0.57)
Benchmark return %pa	7.06	8.39	0.15	(0.79)
Total Market Value $m 30 June	**231**	**372**	**337**	**288**
Hour-Glass long term growth facility return %pa	8.51	11.28	(10.33)	(10.27)
Benchmark return %pa	8.43	10.86	(10.88)	(10.51)
Total Market Value $m 30 June	**1,202**	**938**	**843**	**905**
Combined Treasury Managed Fund return %pa	9.05	8.99	(2.78)	(7.36)
Benchmark return %pa	9.60	9.33	(3.99)	(6.66)
Total Market Value $m 30 June	**4,931**	**4,614**	**3,901**	**3,996**

Source: New South Wales Treasury Corporation (unaudited).

a Facility commenced on 17 June 2008.

Note: Benchmarks are either market index returns or peer groups for investment facilities with similar investment profiles to the relevant Hour-Glass facility.

Note: Hour-Glass returns are reported net of fees.

Discrete Client Funds

TCorp internally manages specific cash and bond portfolios for some public sector agencies. Funds invested increased to $12.9 billion ($8.2 billion) at year-end. The proceeds from the electricity sale transactions contributed to this increase.

TCorp takes a conservative approach to credit risk, consistent with the risk profile of client mandates. Its decisions around portfolio construction, timing of investments and security selection significantly influence investment returns. During 2010–11, investment returns on discrete client funds met or exceeded the benchmarks for all portfolios.

Where significant, investment performance is reported in separate comments for each agency included in this and other volumes of my 2011 Report.

Other Information

We identified and reported to management an opportunity for TCorp to improve their internal control procedures.

Information Technology Replacement Project

Information technology is critical to TCorp's day-to-day operations and management decision making. TCorp is progressing with its strategy to replace existing financial management software and hardware.

The introduction of real-time compliance monitoring within the system in 2010–11 enabled TCorp to decommission its previous end-of-day systems.

Financial Information

Abridged Consolidated Statement of Comprehensive Income

Year ended 30 June	2011 $'000	2010 $'000
Income from changes in fair value	3,468,308	4,150,538
Expenses from changes in fair value	3,303,173	4,064,989
Net Income From Changes in Fair Value	**165,135**	**85,549**
Fees and commissions	27,757	22,651
Total Net Income	**192,892**	**108,200**
Staff costs	20,597	18,469
Other costs	20,846	23,787
Total General Administrative Costs	**41,443**	**42,256**
Profit Before Income Tax Equivalent Expense	**151,449**	**65,944**
Income tax equivalent expense	45,431	17,130
Profit After Tax	**106,018**	**48,814**
Other Comprehensive Losses	**(12)**	**(61)**
Total Comprehensive Income	**106,006**	**48,753**

TCorp considers the profit before tax of $151 million a very strong result, primarily reflecting its performance in effectively managing its balance sheet and funding activities.

Abridged Consolidated Statement of Financial Position

At 30 June	2011 $'000	2010 $'000
Cash and liquid assets	1,012,870	484,568
Outstanding settlements receivable	464,966	155,227
Due from financial institutions	3,240,216	4,837,483
Securities held	5,919,466	6,907,417
Derivative financial instruments receivable	176,809	347,273
Loans to clients	49,515,921	44,627,907
Other assets	45,036	36,534
Total Assets	**60,375,284**	**57,396,409**
Due to financial institutions	4,753,241	4,740,957
Outstanding settlements payable	565,469	52,112
Due to clients	1,099,573	1,004,965
Borrowings	53,300,871	51,110,297
Derivative financial instruments payable	432,343	344,630
Other liabilities and provisions	123,513	58,180
Total Liabilities	**60,275,010**	**57,311,141**
Net Assets	**100,274**	**85,268**

The movements in the statement of financial position primarily reflect the decisions made to meet and manage the funding requirements of the New South Wales public sector.

TCorp operates under self-imposed capital requirements based on prudential statements published by the Australian Prudential Regulation Authority. To meet these requirements, TCorp's board approved an increase in the capital base from $85.3 million to $100 million during the year. The excess in net assets, after allowing for tax equivalent payments and the increase in the capital base, was returned to the Crown as dividends totalling $91.0 million ($38.5 million).

Derivative Financial Instruments

TCorp does not use derivative financial instruments for speculative purposes. Derivatives are used to manage risks from its borrowing and investing activities. These transactions comply with established board policies and client mandate agreements, which stipulate instrument risk limits.

Corporation Activities

TCorp provides specialised financial services to the New South Wales public sector. These services include acting as a central borrowing authority and providing corporate treasury, corporate finance, and debt and asset management services.

TCorp raises funds in the financial markets and lends the funds to agencies. TCorp borrows funds more cost effectively than private sector organisations because the government guarantees repayment. Public sector agencies are required to borrow funds through TCorp unless specific approval is obtained from the Treasurer.

While TCorp is able to raise funds using the strong credit rating of the State, borrowing costs for individual agencies are based on their individual credit ratings. If an agency has a lower credit rating than the State, Treasury levies a guarantee fee relative to that credit rating. This ensures that while the State benefits from cost effective funding, agencies' borrowing costs are based on their individual financial positions.

TCorp is constituted under the *Treasury Corporation Act 1983* and is subject to the control and direction of the Treasurer. Its Chief Executive manages the affairs of TCorp in accordance with its board's policies and directions. TCorp may borrow, invest and undertake financial management transactions under the *Public Authorities (Financial Arrangements) Act 1987*.

For further information on TCorp, refer to www.tcorp.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.

Entity Name	Website
TCorp Nominees Pty Limited	*
Treasury Corporation Division of the Government Service	*

* This entity does not have a website.

Appendix 1

Agencies not commented on in this Volume, by Minister

The following audits resulted in unqualified independent auditor's reports and did not identify any significant issues or risks.

Entity name	Website	Period/year ended
Finance and Services		
Australian Centre for Advanced Computing and Communications Pty Limited	www.ac3.com.au	30 June 2011
Board of Surveying and Spatial Information	www.bossi.nsw.gov.au	30 June 2011
Compensation Authorities Staff Division	*	30 June 2011
Crown Employees (NSW Fire Brigades Firefighting Staff Death & Disability) Superannuation	*	30 June 2011
Fair Trading Administration Corporation	*	30 June 2011
Financial Counselling Trust Fund	www.fairtrading.nsw.gov.au	30 June 2011
Motor Vehicle Repair Industry Authority	www.fairtrading.nsw.gov.au	30 June 2011
NSW Architects Registration Board	www.architects.nsw.gov.au	30 June 2011
NSW Fire Brigades Superannuation Pty Limited	*	30 June 2011
Sporting Injuries Committee	www.sportinginjuries.nsw.gov.au	30 June 2011
Teacher Housing Authority of New South Wales	www.tha.nsw.gov.au	30 June 2011
Planning and Infrastructure		
Building Professionals Board	www.bpb.nsw.gov.au	30 June 2011
Treasurer		
Liability Management Ministerial Corporation	*	30 June 2011
State Rail Authority Residual Holding Corporation	*	30 June 2011
Superannuation Administration Corporation	*	30 June 2011

* This entity does not have a website.

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