

NSW Department of Finance & Services Annual Report 2011/12

Including reports for:

- State Contracts Control Board Report
- Waste Assets Management Corporation Annual Report
- NSW Government Telecommunications Authority (Telco) Annual Report
- Australian Centre for Advanced Computing and Communication Pty Ltd (ac3) Annual Report
- NSW Land and Housing Corporation Annual Report
- Office of the Valuer-General Report
- Surveyor-General's Report
- Registrar-General's Report
- Geographical Names Board of NSW Report

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The Hon. Greg Pearce MLC
Minister for Finance & Services
Minister for the Illawarra
Level 36
Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

The Hon. Anthony Roberts MP
Minister for Fair Trading
Level 36
Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Ministers,

I am pleased to submit the annual report for the NSW Department of Finance and Services for the year ended 30 June 2012 for presentation to Parliament.

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

This report also includes:

- State Contracts Control Board Report
- Waste Assets Management Corporation Annual Report
- NSW Government Telecommunications Authority (Telco) Annual Report
- Australian Centre for Advanced Computing and Communication Pty Ltd (ac3) Annual Report
- NSW Land and Housing Corporation Annual Report
- Office of the Valuer-General Report
- Surveyor-General's Report
- Registrar-General's Report
- Geographical Names Board of NSW Report

Yours sincerely,



Michael Coutts-Trotter
Director-General

About this report

This report covers the Department of Finance and Services and cluster agencies as at 30 June 2012.

Included in this report under the section titled DFS related entities annual reports and other reporting requirements are:

- State Contracts Control Board Report
- Waste Assets Management Corporation Annual Report
- NSW Government Telecommunications Authority (Telco) Annual Report
- Australian Centre for Advanced Computing and Communication Pty Ltd (ac3) Annual Report
- NSW Land and Housing Corporation Annual Report
- Office of the Valuer-General Report
- Surveyor-General's Report
- Registrar-General's Report
- Geographical Names Board of NSW Report

Annual reports can be accessed from www.services.nsw.gov.au

Contents

1.	Director-General's message	5
2.	Financial highlights	6
2.1	Net result	6
2.2	Expenses	7
2.3	Revenue	7
2.4	Total equity	8
3.	About the Department of Finance and Services	8
3.1	Who we are	8
3.2	What we do	10
3.3	Organisational chart	12
3.4	Principal officers	13
4.	Corporate performance	16
4.1	Strategic priorities	16
4.2	Corporate performance management	17
5.	Corporate governance	18
5.1	Governance principles and framework	18
5.2	Audit and compliance	19
5.3	Accessing Department of Finance and Services information	20
6.	Highlights 2011/12	24
6.1	Housing and Property Group	24
6.2	Office of Finance	25
6.3	NSW Public Works	27
6.4	NSW Fair Trading	29
6.5	NSW Industrial Relations	34
6.6	Government Services	36
6.7	Office of State Revenue	39
6.8	Land and Property Information	41
6.9	Policy and Executive Services	43
6.10	Corporate Services	47
7.	DFS related entities reports and other reporting requirements	49
7.1	State Contracts Control Board Report	49
7.2	Waste Assets Management Corporation Annual Report	55
7.3	NSW Government Telecommunications Authority (Telco) Annual Report	62
7.4	Australian Centre for Advanced Computing and Communication Pty Ltd (ac3) Annual Report	65
7.5	NSW Land and Housing Corporation Annual Report	67
7.6	Office of the Valuer-General Report	149

7.7	Surveyor-General's Report	155
7.8	Registrar-General's Report	156
7.9	Geographical Names Board of NSW	157
8.	Financial statements	162
8.1	Department of Finance and Services	163
8.2	NSW Government Telecommunications Authority (Telco)	218
8.3	Waste Assets Management Corporation	239
8.4	Australian Centre for Advanced Computing and Communication Pty Ltd (ac3)	274
9.	Appendices	294
9.1	Accounts payable performance	295
9.2	Annual report preparation	296
9.3	Consultants	297
9.4	Consumer response	299
9.5	Credit card certification	302
9.6	Disclosure of controlled entities	302
9.7	Employment and equal opportunity statistics	302
9.8	Disability action plan	305
9.9	Employment relations policies and practices	306
9.10	Multicultural policies and services program plan	309
9.11	Occupational health and safety	311
9.12	Funds granted to non-government community organisations	313
9.13	Government Information (Public Access)	324
9.14	Privacy management plan	327
9.15	Land disposal	328
9.16	Implementation of Price Determination	328
9.17	Principal legislation administered	328
9.18	Legislative change	333
9.19	Significant judicial decisions	339
9.20	Overseas travel	344
9.21	Public interest disclosure	346
9.22	Research and development	347
9.23	Risk management, attestation and insurance activities	348
9.24	Senior Executive Service performance	351
9.25	Waste reduction and purchasing policy	360
9.26	Department of Finance and Services and related entities offices	361
10.	Department of Finance and Services (DFS) compliance checklist	364
	Index	366

1. Director-General's message

This year was the first full year of operation for the Department of Finance and Services and by in large the department achieved what we set out to do.

Establishing the department, delivering the Government's pre-election commitments, working to re-orientate and equip the organisation to be able to deliver the longer-term priorities expressed in NSW 2021 while still providing good quality service has been a challenge.

At the same time the department has made savings to contribute to the necessary consolidation of the NSW Budget to deal with falling GST revenues and fund forward capital investments in transport, health and other areas without borrowing at levels that would cost the State our Triple A credit rating.

To the extent that we have succeeded, it is to the credit of our staff and the executive team. I want to reiterate my personal thanks to all members of our department for their efforts.

During 2011-12 the department established and self-funded the Office of Finance, creating a new source of advice to government on financial, commercial and economic issues.

We also supported the work of the Property Asset Utilisation Taskforce to ensure government knows what property it owns and its worth, manages property holdings to minimise whole-of-life costs to the taxpayer, and only owns what's required to deliver services now or in the future.

The major administrative change during the year was the transfer of the staff and assets of the NSW Land and Housing Corporation into our department from the Department of Family and Community Services.

The department now has significant capabilities in finance and property and is positioned to contribute to significant reform across government.

Through NSW Fair Trading, the department undertook vital work to ensure a fair marketplace for consumer and traders. During the year the Government made important amendments to legislation governing home building to enable more builders to take on more construction work and began a major review of strata legislation.

Among our key divisions, the Office of State Revenue continued to collect state taxes, fees and fines with professionalism and efficiency and maintained excellent performance against its service measures. NSW Land and Property Information acted to support economic growth as the steward of land, property and fundamental spatial data and NSW Public Works managed around \$1 billion worth of projects for state and local government agencies and attained a high client satisfaction rating in the process.

Overall 2011-2012 was about laying the foundations for the years ahead, deciding how best to govern and support the department and clustered agencies, and building a cohesive team across the various business groups.

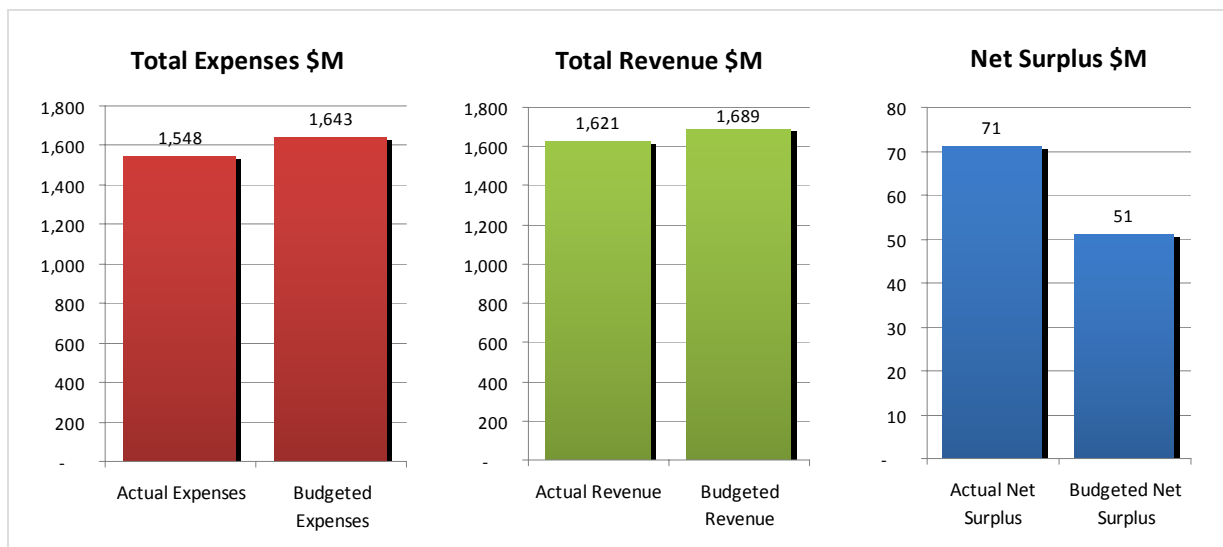


Michael Coutts-Trotter
Director-General
Department of Finance and Services

2. Financial highlights

2.1 Net result

The Department of Finance and Services' net surplus for 2011/12 was \$71 million compared to a budget of \$51 million, a favourable variance of \$20 million (39%). This variance in net result compared to the budget is largely attributed to lower than budgeted expenses (\$95 million) partly offset by lower than budgeted revenue (\$68 million).



Significant savings in expenditure were achieved in the following areas, with:

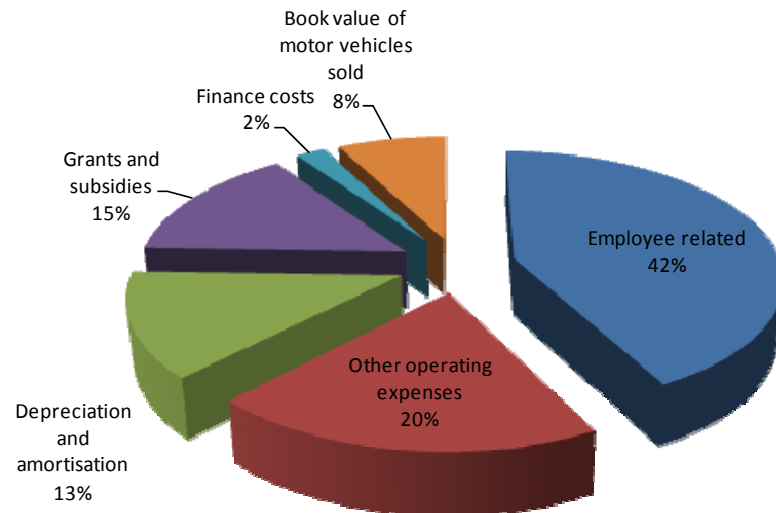
- Lower than budgeted employee expenses due to unfilled vacancies largely in the Office of State Revenue and Public Works
- Grants and subsidies were lower than budget due to reduced expenditure on Community Service Obligation Grant Programs
- Other operating expenses mainly due to savings across a number of items including accommodation and travel expenses

Reduction in revenue was largely due to:

- Lower than budgeted sale of goods and services mainly within Public Works due to shortfalls in Project Management fees and Land and Property Information due to Land Title fees being less than budgeted, reflecting the current challenging economy
- Lower than budgeted capital appropriations due to a review of the ServiceFirst Reform Program
- The reduction in above revenue was partially offset by increases in Personnel Services Revenue and higher proceeds from sale of motor vehicles due to a favourable used car market

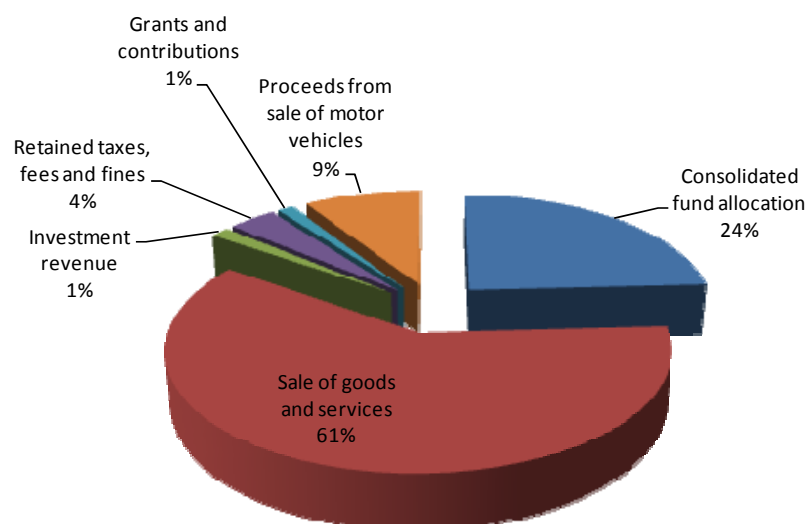
2.2 Expenses

The following chart provides a breakdown of the department's expenses by major categories.



2.3 Revenue

The following chart provides a breakdown of the department's revenue by major categories.



2.4 Total equity

Total equity of the department as at 30 June 2012 is a deficit of \$138 million. This is made up of total liabilities of \$1,925 million partly offset by total assets of \$1,786 million. The total equity is represented by an accumulated deficit (\$144 million) partly offset by an asset reserve revaluation (\$6 million).

The negative equity is attributed to Defined Benefit Superannuation Scheme actuarial losses recognised as at 30 June 2012. The superannuation actuarial calculation is based on the future liabilities discounted by the 10-year Commonwealth Bond rate. The liability associated with Defined Benefit Superannuation Schemes is a long term liability. The Department equity before applying actuarial loss of \$607 million is a net surplus of \$469 million.

The financial statements for the Department of Finance and Services are provided in this report. Separate financial statements are prepared for the NSW Government Telecommunications Authority (Telco) and the Australian Centre for Advanced Computing and Communication Pty Ltd (ac3). These are also included in the financial statements section of the annual report.

3. About the Department of Finance and Services

3.1 Who we are

The Department of Finance and Services (DFS) 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, NSW land and property administration services and metropolitan water policy.

DFS also supports the Minister for Finance and Services to oversee the operating licences of metropolitan water utilities and act as a shareholder in public energy utilities as well as shareholder responsibilities in Landcom, and oversight of the superannuation portfolio.

DFS is a cluster agency comprising of a number of divisions and related entities.

Changes that occurred during the year include:

- The Office of Finance, created in November 2011
- The Housing and Property Group, created in October 2011
- The NSW Land and Housing Corporation (a related entity) came in from the Department of Family and Community Services on 5 October 2011
- NSW Fair Trading (Operations) and NSW Fair Trading (National Reform Agenda) were merged back into NSW Fair Trading
- Internally, Corporate Finance was separated from the Corporate Services Division
- The Building Insurers' Guarantee Corporation (a related entity) was transferred to NSW Treasury on 5 October 2011

Our divisions

At 30 June 2012, DFS comprised 11 administrative divisions.

- Housing and Property Group

- Office of Finance
- NSW Public Works
- NSW Fair Trading
- NSW Industrial Relations
- Government Services
- Office of State Revenue
- Land and Property Information
- Policy and Executive Services
- Corporate Services
- Corporate Finance

Our related entities

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

Finance and Services portfolio

- Australian Centre for Advanced Computing and Communication (ac3) (established pursuant to the *Corporations Act 2001 (Cth)*)
- Board of Surveying and Spatial Information
- Geographical Names Board of New South Wales
- New South Wales Land and Housing Corporation
- Long Service Corporation
- NSW Architects Registration Board
- NSW Government Telecommunications Authority (Telco)
- State Contracts Control Board
- State Property Authority
- State Records Authority of New South Wales
- Teacher Housing Authority of New South Wales

Fair Trading portfolio

- Consumer Trader and Tenancy Tribunal
- Fair Trading Administration Corporation
- Motor Vehicle Repair Industry Authority
- Rental Bond Board

Treasury portfolio

- Waste Assets Management Corporation

3.2 What we do

The **Housing and Property Group** oversees and provides strategic direction for: the NSW Land and Housing Corporation, responsible for asset and property management services across NSW public housing assets; the State Property Authority, which provides planning, acquisition and commercial management of the NSW Government's office accommodation portfolio; the Teacher Housing Authority, providing teacher's with housing services where the private rental market does not meet their needs; and the Waste Assets Management Corporation, which manages several landfill sites along with the rehabilitation and aftercare of closed landfill sites.

The **Office of Finance** provides strategic financial, economic and policy advice across a wide range of portfolio responsibilities including state superannuation and asset management. As well, the Office of Finance leads significant whole-of-government reform initiatives and supports the Minister in his capacity as a member of the Expenditure Review Committee and as a shareholding Minister in twelve state owned corporations. The Office applies an expert, pragmatic and objective and financial viewpoint to these policy areas to drive improved financial and commercial outcomes and fresh perspectives.

NSW Public Works provides expert advice and professional services to government agency clients to enable them to deliver their services to the community. Its expertise and experience in planning, design, delivery and maintenance of building engineering and environmental projects enables clients to maximise value, minimise costs and manage risks in their infrastructure programs and in the management of their assets. NSW Public Works has capabilities to support the management of the environment including data capture and analysis of real time environmental data.

NSW Fair Trading safeguards consumer rights and advises traders on fair, ethical practice. It informs the community regarding these matters, mediates consumer complaints, and enforces compliance through licensing, inspections, investigation, prosecution, civil proceedings and other disciplinary action. NSW Fair Trading also reviews and develops legislation and the regulatory framework in NSW, and implements the Council of Australian Governments' (COAG) National Reform projects that impact on NSW Fair Trading.

NSW Industrial Relations works with employers and employees to achieve fair, equitable and productive workplaces. In partnership with the Commonwealth Government, NSW Industrial Relations is completing the transition to the national industrial relations system as well as administering NSW laws regulating shop trading hours, public holidays and long service leave.

Government Services comprises NSW Procurement, Corporate and Shared Services Reform, ServiceFirst, StateFleet and ICT Strategic Delivery and provides to NSW government departments in the areas of procurement, fleet, information technology, human resources, finance and business services. The division supports whole-of-sector reforms in procurement, information technology and corporate and shared services.

The **Office of State Revenue** administers state taxation and revenue programs, and fines management and collection for and on behalf of the people of NSW. The Office of State Revenue collects revenue and outstanding fines, and administers grants and subsidies to provide valuable assistance to families and enterprises across NSW.

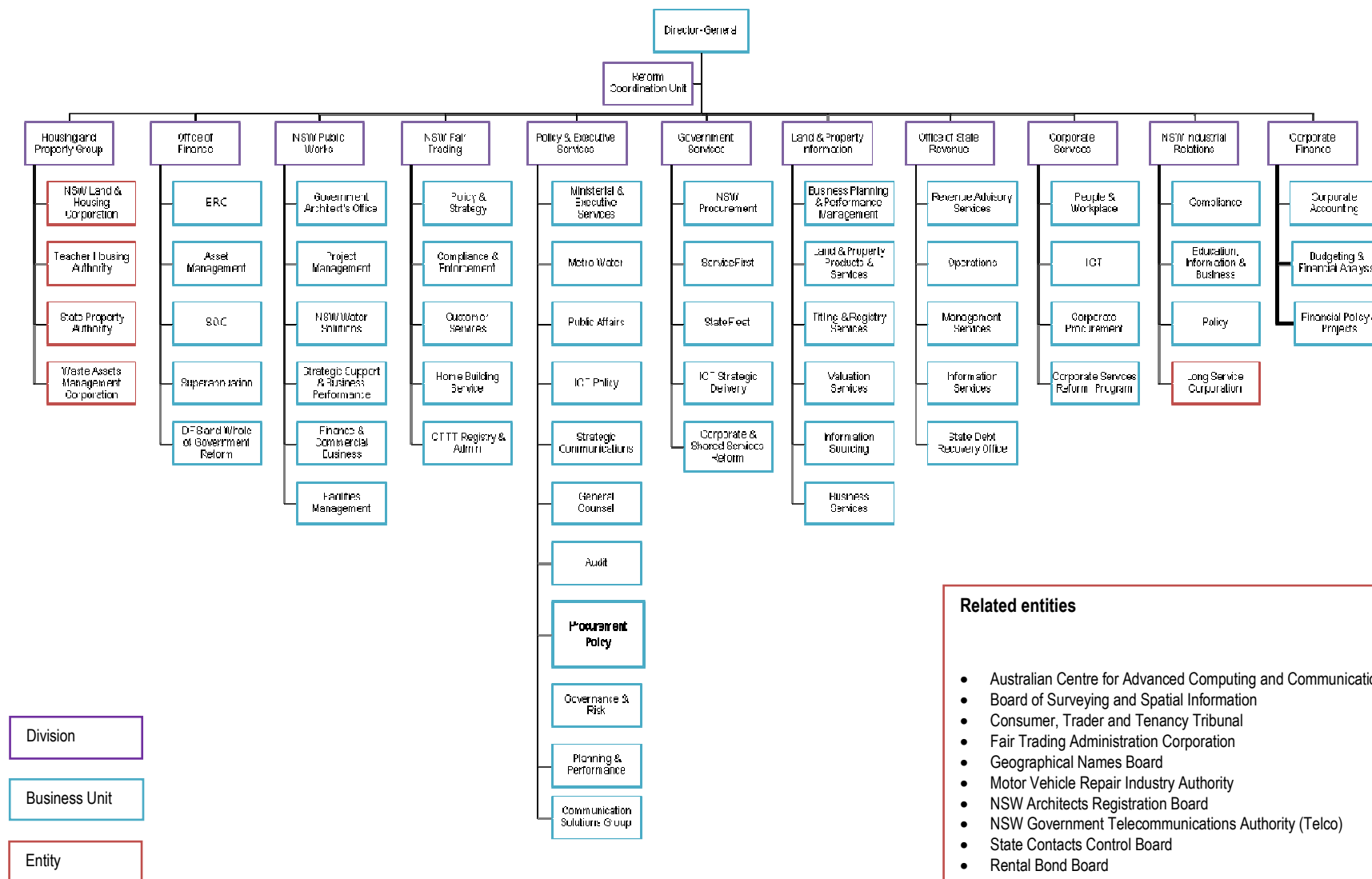
Land and Property Information division is responsible for the administration of a range of legislation that provides the framework for land titling and conveyancing, surveying, valuation and related matters. By supporting the statutory functions of the Registrar-General, Surveyor-General and the Valuer-General,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

The **Policy and Executive Services** division provides support and assurance to the Minister for Finance and Services, the Director-General, the State Contracts Control Board and the DFS Executive that the department is able to achieve its objectives and effectively manage issues, performance, stakeholders and risk. The division also delivers whole of government policy functions in the areas of information and communication technology (ICT) policy, Metropolitan Water, Procurement Policy and the State Contracts Control Board.

The **Corporate Services** division delivers support services to the Director-General and DFS divisions in the areas of procurement, people and workplace, information technology, records management and knowledge management. Additionally, Corporate Services is responsible for leading the implementation of corporate and shared services reform within the department. Corporate Services also manages the service relationship with ServiceFirst on behalf of DFS divisions.

The **Corporate Finance** division is responsible for overall financial performance management and ensuring the financial viability of the DFS. The division does this through the coordination of policy, planning and business analysis, as well as implementing strict budget controls and financial performance targets. Major functions include financial analysis, budgeting and forecasting, performance and statutory reporting and compliance.

3.3 Organisational chart



3.4 Principal officers

Michael Coutts-Trotter

Director-General, Department of Finance and Services

Michael Coutts-Trotter was appointed Director-General of the Department of Finance and Services on 4 April 2011. Prior to this, Michael held the position of Director-General of the NSW Department of Education and Training from September 2004. Previously, he was Director-General of the NSW Department of Commerce and chief of staff to the NSW Treasurer.

Ken Kanofski

Executive Director, Housing and Property Group

Ken has extensive experience as CEO, senior executive, consultant and board director. Other previous board memberships include Environment Business Australia and South West Inner City Housing. Ken holds Bachelor of Business and Masters of Business Administration degrees, is a Member of the Australian Institute of Company Directors and a Certified Practising Accountant.

Simone Constant

Executive Director, Office of Finance

Simone Constant has extensive experience in banking, finance, portfolio investment, funds management and law. Her career to date has encompassed senior private sector finance, legal and risk management roles across infrastructure and project finance, general corporate work, asset and funds management, debt and equity principal investment, and pure risk management within finance. Prior to joining the department, Simone held roles as the head of risk, strategy and planning at the Commonwealth Bank (Institutional and Business Banking) and as a partner at Access Capital Advisors.

Brian Baker

Deputy Director-General, NSW Public Works

Brian Baker has over 30 years experience in developing and delivering major infrastructure projects. A significant component of his career has related to the delivery of public infrastructure, including water supply, sewerage, bulk material export, transport, education and health. Brian also worked for non-government entities, including a major engineering and construction company and in various consulting roles.

Rod Stowe

Commissioner, NSW Fair Trading

Rod Stowe was appointed as Commissioner for Fair Trading in July 2011. Rod has worked in the Fair Trading portfolio for over 23 years where he has had a variety of roles including Policy Advisor, Director of Customer Services, Assistant Commissioner for Policy and Strategy and Deputy Commissioner. In a public sector career spanning 35 years, Rod has gained wide experience in government following previous postings in portfolios covering environmental protection, education, local government and state superannuation.

In May 2011 Rod was awarded the Public Service Medal for outstanding public service in the provision of consumer protection to the community of New South Wales.

Vicki Telfer

Executive Director, Industrial Relations

Vicki Telfer joined the Department in October 2010 as the Executive Director of NSW Industrial Relations (NSWIR) and has extensive industrial relations experience. Prior to this Vicki was at WorkCover for over ten years with the last six in the role of General Manager Strategy and Policy.

Anne Skewes

Deputy Director-General, Government Services

Prior to joining the Department of Finance and Services in 2009, Anne was Chief Executive Officer, State Property Authority and former Chief Executive of the Land Development Agency in the Australian Capital Territory. She has extensive experience as a senior executive and general manager in commercial government enterprises spanning three jurisdictions.

Tony Newbury

Executive Director, Office of State Revenue and Chief Commissioner of State Revenue

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

Des Mooney

Registrar-General, Surveyor-General, General Manager, Land and Property Information

Des Mooney was appointed to this position in February 2001 and was appointed as Registrar-General and Surveyor-General of NSW in October 2011. He has extensive senior management experience in both the public and private sectors including experience in surveying, mapping and valuation activities. He is a Director of Public Sector Mapping Agencies Australia and a member of the Australian Registrars National Electronic Conveyancing Council. Des is also a registered surveyor and registered valuer.

Anthony Lean

Deputy Director-General, Policy and Executive Services

Anthony Lean was appointed to the position of Deputy-Director General Policy and Executive Services division in March 2012. Anthony has 18 years experience in legal, legislative and policy roles in the public sector in a range of agencies, including the Department of Premier and Cabinet, WorkCover NSW, NSW Health and The Cabinet Office. He has advised on a wide range of significant and complex legal issues across government and has developed or overseen the passage of a number of significant legislative reforms.

John Hubby

Deputy Director-General, Corporate Services

John Hubby joined the Department of Finance & Services on 2 April 2012 as the Deputy-Director General Corporate Services. Prior to joining DFS, John worked at Juvenile Justice as Deputy Chief Executive and as Chief Executive. His former roles include working as an executive at NSW Health, Justice Health. John has an extensive background in health and human services in both Australia and the United States having held a variety of senior roles in both the public and private health sector. He has worked across multiple settings in the implementation of the NSW Government's model for shared corporate service delivery.

Sajeev George

Chief Financial Officer

Sajeev George has extensive financial management experience in the NSW public sector. His previous roles include senior finance positions in the former Department of Services, Technology and Administration and Department of Commerce leading finance teams through significant changes including restructures, reform programs, and implementation of new systems. His career path spans both the public and private sector in Australia and overseas.

Colleen Dreis

Acting General Counsel

Colleen Dreis joined the Department in January 2012 as Acting General Counsel. Prior to this, Colleen worked with Housing NSW for 24 years. She held the position of Executive Director, Governance and Regulation, for five years and Director of Legal Services for 18 years prior to that. In 2008 she was awarded the Public Service Medal in the Australia Day Honours List for outstanding service to the Legal Services Branch of the NSW Department of Housing.

Michael Silk

Director, Reform Co-ordination

Michael Silk was appointed to this position in December 2010. He previously held the position of Executive Director, Fair Trading Services. Michael has worked in the NSW public sector for 37 years, including senior roles in financial management, government administration and the provision of high-level strategic advice. He has extensive experience in organisational reform and change management as well as business process re-engineering having led a number of major reform initiatives.

Changes to the executive in 2011/12

- Steve Griffin, Deputy Commissioner, NSW Fair Trading (Operations) took up a temporary role with the Department of Premier and Cabinet from 22 August 2011
- Ken Kanofski, Executive Director, Housing and Property Group, was appointed 10 October 2011
- Simone Constant, Executive Director, Office of Finance was appointed 14 November 2011
- Susan Bentley, Acting General Counsel went on leave on 24 December 2011 and ceased acting as General Counsel
- Colleen Dreis commenced as Acting General Counsel on 9 January 2012
- Paul Dexter, Deputy Director-General, Corporate Services and Chief Financial Officer left the Department on 24 March 2012
- Sajeev George commenced as Acting Chief Financial Officer on 26 March 2012 and was appointed Chief Financial Officer on 2 July 2012
- John Hubby, Deputy Director-General, Corporate Services was appointed 2 April 2012
- Anthony Lean, Deputy Director-General, Policy and Executive Services was appointed 9 March 2012

4. Corporate performance

4.1 Strategic priorities

The DFS Executive identified nine strategic priorities for the department to provide a joint focus for performance for the newly formed department and to set a strategic direction for the department until the corporate planning process is undertaken.

These strategic priorities will also inform the development of a DFS 2012-15 Corporate Plan.

The priorities are:

1. Deliver corporate and shared services reform

The Corporate and Shared Services Reform Program that DFS leads across NSW Government exists to help Ministers and their Directors-General to improve the quality and effectiveness of public services, while reducing the cost of the internal enabling functions.

2. Develop a NSW Information Communications Technology Strategy (NSW ICT Strategy)

DFS is responsible for leading the development and implementation of the NSW ICT Strategy to ensure ICT investment needs are better linked to service priorities and improvement strategies. In 2011/12 the strategy was developed and launched.

3. Deliver procurement reform and savings

The NSW Government's first budget includes \$1 billion of procurement savings over four years. DFS is responsible for working with the rest of government to find ways to provide these savings and then facilitate their delivery. At the same time DFS is leading the review of the highly centralised and complex procurement operating model, with the aim of radically simplifying it, and supporting agencies to access and sustain improvements in the value they get from their procurements.

4. Improve use of land and property assets

In 2011/12 DFS became the owner of the public housing portfolio. The department is charged with improving the management of these land and property assets. DFS also supports a Property Asset Utilisation Taskforce (PAUT) which will look at the framework, policies, governance and capabilities we bring to acquiring, managing and disposing of land and property.

5. Establish and deliver new services as one of three central agencies

In 2011/12 DFS became one of the central agencies within the NSW Government along with the Department of Premier and Cabinet and NSW Treasury. The roles and responsibilities of the central agencies was refined and developed over 2011/12.

6. Lead and manage DFS through a period of significant change

Improving change management capability within the department, and at every level, became a corporate priority given the scope of sectoral and agency change over 2011/12. Strategies were developed in 2011/12 and will be implemented in future years.

7. Deliver our savings

DFS committed to proactively taking control of its expenditures and delivering on agreed savings. Strategies were developed and successfully implemented to deliver on agreed savings to government.

8. Support the government's Simpler Services agenda

The NSW Government is committed to make it much easier and more convenient for people to receive transactional services by simplifying and rationalising the ways in which they are delivered. DFS, through NSW Fair Trading, piloted the delivery of hundreds of different transactions on behalf of other government agencies at several locations.

DFS has worked with the Department of Premier and Cabinet to deliver the ICT components necessary to equip front-of-house staff across government to deliver a common and very wide set of transactions. Both pieces of work are crucial to developing a new set of service models.

9. Help government be a better shareholder

DFS has lead accountability for goal five: *Place Downward Pressure on the Cost of Living* in the NSW Government's State Plan, NSW 2021. Becoming a more active and more effective shareholder in energy utilities is one means of contributing to achieving this goal by ensuring these state owned corporations are as efficient and effective as possible with customers getting enhanced services for the lowest possible price, just as taxpayers get a fair return for their investment in the businesses.

4.2 Corporate performance management

The Department of Finance and Services' strategic planning and performance framework is a suite of key corporate and divisional plans and performance management tools that outline and enable the delivery of short, medium and long-term objectives and strategies to deliver NSW Government and corporate priorities.

The framework's aim is to improve accountability and transparency and support an achievement focused organisation. The department's planning and performance framework includes the:

- Corporate Plan
- Total Asset Management Plan
- Strategic corporate functional plans to manage corporate services delivery, including the People Plan and the Information and Communications Technology Plan
- Divisional service implementation plans, which outline divisional goals and objectives and key strategies over four years. These plans are supported by divisional annual operational plans
- Divisional annual operational plans which provide operational tactical detail and accountability
- Individual work plans and performance development plans for staff.

Performance is reported through:

- External reporting to NSW Government agencies and the public on governance, financial, services delivery and other measures
- Quarterly and annual reports to the Department of Finance and Services' executive on performance in achieving strategic objectives
- Monthly dashboard and performance reports on key performance indicators
- Staff performance is monitored through senior executive services performance agreements
- NSW Government annual reporting requirements

Plans are regularly reviewed and are a vital component of the department's management of identified strategic risks.

5. Corporate governance

5.1 Governance principles and framework

The department has the following governance principles:

- Clear role and responsibilities
- Transparent and accountable decision making
- Effective, efficient and ethical decision making
- Respect for the law and high probity standards

The Corporate Governance Framework is currently comprised of the following elements:

- Strategic corporate planning
- People and learning strategy
- Financial strategy
- Ethical culture strategy
- Information technology strategy
- Compliance strategy
- Communications strategy
- Business planning
- Business monitoring and reporting
- Risk management

The primary governance body for the department is the Executive team, which meets on a weekly basis. The department is supported by an Audit and Risk Committee which is compliant with the *Public Finance and Audit Act 1983* and/or NSW Treasury's Internal Audit and Risk Management Policy for the NSW Public Sector (Policy and Guidelines Paper TPP09-05).

The following subcommittees of the Executive were established in 2011/12 to provide additional oversight of key corporate governance functions:

- ICT, Corporate & Shared Services Executive Sub-Committee
- People & Workplace Executive Sub-Committee

Membership of these subcommittees is made up of members of the Executive and subject matter experts within the department.

5.2 Audit and compliance

Department of Finance and Services Audit and Risk Committee

During 2011/12 the department had in place an Audit and Risk Committee, compliant with NSW Treasury's Internal Audit and Risk Management Policy for the NSW Public Sector (TPP09-05) and with the *Public Finance and Audit Act 1983*. This committee met seven times to oversee financial reporting, internal control systems, risk management, corruption prevention, compliance systems and other regulatory requirements, and the internal and external audit functions.

Internal audit

The Department of Finance and Services' Audit Branch plays an important role in the governance framework by reviewing the compliance, efficiency and effectiveness of priority programs and processes and the adequacy of internal controls. The annual Internal Audit Plan is endorsed by the Audit and Risk Committee and approved by the Director-General.

In addition to its planned program of work, the Audit Branch provided services on a wide range of matters during the year. These included conducting investigations arising from complaints, public interest disclosures, inappropriate practices, potential fraud, undertaking special projects at the request of executive or management on matters such as policy, IT controls and security, internal control improvements, process and procedural enhancements and corruption prevention.

The Audit Branch undertook 207 audit related projects, comprising 50 planned audits (compliance, operational/performance, information technology and governance), 93 special projects and 64 investigations. 80% of Audit Branch projects and activities focused on issues assessed as either high or medium risk to the department. These spread across all key functional areas (HR, IT, finance, procurement, compliance, corruption prevention and projects) and more than 50% had DFS-wide relevance. The Audit Branch made 327 recommendations of which 98% were accepted by the auditee management. Additionally, the Audit Branch issued 114 advisings.

The Audit Branch's key challenges in 2012/13 will include:

- The prioritisation and delivery of audit services to the diverse range of business units and related entities that make up DFS and adapting to the impacts of the changing risk profile on the control environments
- Implementation of a new branch structure, audit automation software and associated business processes, and relocation to a new office in Parramatta
- Renewal of the Institute of Internal Auditors (IIA) external quality assurance certification, as required by the IIA international standards and NSW Treasury

External audit

During 2011/12, the Audit Office of NSW audited the financial statements of the Department of Finance and Services and issued the statutory audit report on 28 September 2012. The following significant matters were identified:

- **Airport Transaction:** The audit report noted that the duties transaction and related accrued interest totalled \$598 million. The transaction was recognised in Administered Revenue and Assets (as a receivable) in accordance with the *Taxation Administration Act 1996* and accounting standards. An allowance for impairment of \$142.6 million has also been recognised. The assessment was subject to an appeal in the Supreme Court of NSW. The matter was settled out of court on 22 June 2012 on terms not to be disclosed

- Cross City Tunnel Acquisition: The audit report noted that there had been an objection on approximately \$60 million duty, interest and penalty tax charged to the acquirer of the Cross City Tunnel. As at 30 June 2012, this matter was still unresolved. Audit has advised that they will continue to monitor progress in this matter
- Government Property Register: The audit report has noted the limitations of the Government Property Register (GPR). Audit has advised that they will continue to monitor progress in this matter
- Land Registration System: The audit report has noted the Department is responsible for maintaining the land titles system under the *Real Property Act 1900*. The system is not complete and not all land in the state is registered on the land titles system. Audit has advised that they will continue to monitor progress in this matter

The department's response to the above audit observations are as follows:

- Airport Transaction: The matter was settled out of court on 22 June 2012 and has been correctly presented in the department's financial statements as an administered transaction on behalf of the Crown.
- Cross City Tunnel Acquisition: A court date is expected in early 2013 for the taxpayer's appeal. A remission of \$3.6 million was applied to the initial assessment amount of \$67.2 million during 2012 and \$4.0 million was received during July 2012. The department will continue to keep both the Audit Office and Treasury informed of any key developments that may have an impact on the state's future budget result
- Government Property Register: The department has an Executive Steering Committee in place to oversee the development and enhancement of the GPR. In addition, the Office of Finance Property Asset Utilisation Taskforce is currently conducting a strategic review into the GPR. Any actions raised will be considered and implemented as necessary
- Land Registration System: The department continues its work in ensuring that the Land Registration system is complete. Land and Property Information is in the process of identifying and converting Old System land within railway corridors resulting in further government owned land being registered under the Torrens Title system

The Auditor's 2011/12 Audit Report to Parliament is expected to be tabled in November 2012.

5.3 Accessing Department of Finance and Services information

Government Information (Public Access) Act 2009

The *Government Information (Public Access) Act 2009* (GIPA Act) replaced the *Freedom of Information Act 1989* and applies to all NSW Government agencies. The GIPA Act encourages government agencies to release information proactively and provides easier access for individuals to government and personal information from government agencies.

The proactive release of information by DFS is regularly reviewed and information is made available to the public, generally via the internet, but also through information sheets and media releases.

Examples during 2011/12 were:

- Online guide to becoming a supplier to NSW Government, including the complete manual for tendering
- Freely available information about Government contracts which have been awarded by the department at the value of \$150,000 or more

- Indexes and search advice for the State Archives' digital collections, including historical photos
- Guides to public land registers
- Surveyor-General directions
- Guidelines and statistics regarding traffic fines including speeding and 'red light' offences
- Online land tax calculator

The departmental policy titled Release of Government Information under the *Government Information (Public Access) Act 2009* and a procedure titled Procedure for Dealing with Formal Access Applications under the *Government Information (Public Access) Act 2009* were revised and updated to reflect operational and legislative changes.

Statistical information relating to the GIPA Act is provided in the appendices of this report.

Programs and activities

The structure and functions of the Department of Finance and Services and how these functions affect the public are described in this annual report, and information about these can also be found on the website www.services.nsw.gov.au.

Accessing the Department's documents

Policies and publications can be accessed from the department's website www.services.nsw.gov.au, or by contacting the department's Right to Information Officers (contact details below).

Applications for access to documents under the provisions of the GIPA Act must among other things be in writing (e.g. on an application form or by letter), accompanied by the \$30 application fee and sent to the Right to Information Officers at the locations indicated below.

Processing access requests

The Right to Information Officers must acknowledge the request (by acknowledging the application as a valid access application or notifying the applicant that it is not a valid access application) within five working days. Decisions on access are normally made within 20 working days of receipt. If the processing time has to be extended, applicants must be kept informed about processing of their application. The applicant may be required to clarify the request and sometimes a request may be referred to another agency if the other agency is known to hold the information and the information is more closely related to the functions of that agency, or if the Department of Finance and Services does not hold the information and the other agency is known or reasonably expected to hold the information.

An applicant's right to access is restricted only when there is an overriding public interest against disclosing the particular information. The department's Right to Information Officers will provide an access decision letter giving reasons why access to information is restricted.

If the request is restricted, the applicant has rights of review and appeal and this information is disclosed with the decision. Reviews internally, by the Information Commissioner and the Administrative Decisions Tribunal apply under the GIPA Act.

Charges for access

A \$30 application fee is payable upon making a formal access application. A processing charge may be imposed for dealing with an access application at a rate of \$30 per hour for each hour of processing time for the application. There is a 50% discount on the processing charge for financial hardship if the applicant provides evidence that they are the holder of a Pensioner Concession card issued by Commonwealth that is in force, a full time student, or a non-profit organisation or where a special benefit to the public can be demonstrated.

Review of proactive release program

Under section 7 of the GIPA Act, agencies must review their programs to ensure proactive release of information, at least once every twelve months. DFS agencies' program involves each division undertaking regular reviews of information as it becomes available.

As a result of this review, the department proactively released information about programs and initiatives, updated answers to frequently asked questions based on community feedback, and provided statistical information about business operations.

Privacy and Personal Information Protection Act 1998

In accordance with section 33(1) of the *Privacy and Personal Information Protection Act 1998* (PPIP Act), NSW Government agencies are required to prepare and implement a Privacy Management Plan. Following changes to the structure and functions of the Department of Finance and Services cluster during 2011/12, a review of the agencies' Privacy Management Plans commenced to assess their consistency. Following the lead of the Office of State Revenue (OSR) plan, DFS has under consideration the proposal to cease charging individual applicants for access to their own personal information.

Access request applications under section 14 of the PPIP Act

In 2011/12 DFS received four access applications by individuals requesting their personal information.

Applications for internal review of the conduct of Department of Finance and Services under section 53(1) of the PPIP Act

In 2011/12, five applications for internal review were received under the PPIP Act related to divisions of the Department of Finance and Services. Following these reviews, it was determined that no breach of the legislation had taken place, but in one instance the review indicated improvements in business processes which were to be adopted in the business area.

The Privacy Commissioner's Office was consulted throughout the reviews and, wherever made, its recommendations were followed.

External review matters under the PPIP Act

There were no appeals to the Administrative Decisions Tribunal during the financial year under provisions of the PPIP Act.

Access fees and charges

The Office of State Revenue does not apply fees and charges for members of the public applying to access their own personal information which is collected as a result of its administration of NSW revenue laws.

The Privacy Management Plans of other agencies of the DFS cluster require payment of an application fee of \$30 (plus GST) for requests for access to personal information which might be held by the department. A processing charge of \$30 per hour (plus GST) is applied after the first 20 hours of work. No fees or charges apply for applications for reviews under Part 5 of the PPIP Act.

Code of practice – NSW Fair Trading

A Code of Practice is in place which modifies the application of the PPIP Act for NSW Fair Trading. This Code of Practice authorises non-compliance with the information protection principles where they prevent NSW Fair Trading from carrying out its functions. NSW Fair Trading is also covered by the provisions of the Investigation Code of Practice, the Code of Practice for Inter-agency Transfers of Information and the Privacy Code of Practice for the NSW Public Sector Workforce Profile.

Regulatory exemption – Land and Property Information

Land and Property Information (LPI) maintains a number of public registers on behalf of the Registrar-General, the Valuer General and the Minister administering the *Water Management Act 2000*. Exemptions exist in relation to the public register provisions outlined at Part 6 of the PPIP Act.

LPI has statutory responsibilities to make certain information available from the public registers it maintains. LPI public registers which are exempt from the public register provisions of Part 6 of the PPIP Act, by virtue of clause 6 of the Privacy and *Personal Information Protection Regulation 2005*, are:

- The Torrens Title Register, kept under the *Real Property Act 1900*
- The Water Access Licence Register kept under the *Water Management Act 2000*
- The General Register of Deeds, maintained under section 184C of the *Conveyancing Act 1919*
- Any index kept under section 198 of the *Conveyancing Act 1919*
- The Central Register of Restrictions maintained under Part 24 of the *Conveyancing Act 1919*
- The Purchasers' Index, the Street Address Index and the Owners' Index that are kept in connection with the Torrens Title Register
- The Register of Land Values kept under the *Valuation of Land Act 1916*

Right to information officers

Members of the public and staff may refer enquiries regarding access to information in relation to either the GIPA Act or PPIP Act to the following Right to Information Officers:

Department of Finance and Services

Level 22, McKell Building
2-24 Rawson Place
SYDNEY NSW 2000

Tel: (02) 9372 8720
Fax: (02) 9372 8733

Email: gipa@services.nsw.gov.au

NSW Fair Trading

PO Box 972
PARRAMATTA NSW 2124

Tel: (02) 9338 8979
Fax: (02) 9338 8970

Email: gipa@services.nsw.gov.au

NSW Industrial Relations

Level 23, McKell Building
2-24 Rawson Place
SYDNEY NSW 2000

Tel: (02) 9020 4505 Fax: (02) 9020 4730

Office of State Revenue

GPO Box 4042
SYDNEY NSW 2001

(02) 6354 7130

Email: rio@osr.nsw.gov.au

Land and Property Information

1 Prince Albert Road GPO Box 15
SYDNEY NSW 2000 Sydney NSW 2001

Tel: 1300 052 637

Email: gipa@services.nsw.gov.au

6. Highlights 2011/12

6.1 Housing and Property Group

Housing and Property Group (HPG) is a newly formed division of the NSW Department of Finance and Services. It focuses on professional and economic asset management and utilisation, which allows other government departments to focus on core business delivery.

Following the Administrative orders of 3 April 2011, *Public Sector Employment and Management (Departments) Order 2011* and 6 June 2011, *Public Sector Employment and Management (Departments and Ministers) Amendment Order 2011*, HPG has successfully delivered the split and transfer of business activities, staff and separated the financials, including the development of new funding models and arrangements across various departments, in respect of the changes to housing asset management functions.

HPG's business divisions deliver services and outcomes in managing assets including:

- Property and asset management
- Procurement of construction services
- Commercial and residential property management
- Finance services
- Project management (e.g. construction projects, business service)
- Property design and technical services (e.g. surveyor, architect, town planners)
- Business management and support

HPG has around \$32 billion in assets, \$1.5 billion revenue and 750 employees, and administers the following key entities.

NSW Land and Housing Corporation

The NSW Land and Housing Corporation (LAHC) owns and/or manages the state's public, community and Aboriginal housing assets. Formerly part of Department of Family and Community Services – Housing, LAHC transferred to the sole administration of DFS in October 2011. LAHC owns and manages these assets with the aim of maximising financial and social outcomes within the agreed policy framework to provide homes for people who are some of the state's most vulnerable and cannot meet their own housing needs. The LAHC annual report commences on page 67.

State Property Authority

State Property Authority (SPA) focuses on the planning, acquisition and commercial management of the NSW Government's office accommodation portfolio, delivering significant whole of government cost savings and economic utilisation from the divestment, leasing and improved utilisation of the government's generic property assets. SPA's Portfolio Management Group (PMG) provides property management services for all SPA-managed buildings. This includes leasing services, asset management and capital works.

The State Property Authority's major focus is on the planning, acquisition and commercial management of the NSW Government's office accommodation portfolio, with the aim of achieving sustainable and efficient performance that meets agencies' service delivery needs.

It has generated \$33.92 million in savings, including \$5.06 million in recurrent savings and \$26.7 million in economic savings while managing and maintaining over 1.3 million square metres of space

in 126 owned and 660 leased office properties comprising over 1 million square metres and accommodating over 51,000 public sector employees. The State Property Authority's annual report is available at www.spa.nsw.gov.au.

Teacher Housing Authority

The Teacher Housing Authority (THA) support teachers by providing them with quality housing in areas where the private rental market does not meet their needs. THA services are primarily driven by client demand and are directed at isolated rural communities and areas of the state where there is an inadequate private rental market.

THA also undertakes the following objects: the initiation, promotion, commissioning and undertaking of surveys and investigations into the housing needs of teachers; the undertaking, promotion and encouragement of research into the design, construction and maintenance of housing suitable for teachers, the planning of the provision of a comprehensive and coordinated housing service for teachers throughout New South Wales, the provision, conduct, operation and maintenance of a housing service for teachers and the advising of, and the making of, reports and recommendations to the Minister for Education and Training in respect of matters relating to the housing of teachers.

THA owns and manages some 1,500 houses and villa units throughout the state.

THA delivers a focused approach to meet its objectives through the following key result areas: Asset Management, Tenancy Management, Financial Management and Operational Management. The Teacher Housing Authority annual report is available at www.services.nsw.gov.au.

Waste Assets Management Corporation

The Waste Assets Management Corporation (WAMC) owns and operates several landfill sites. WAMC is responsible for the management two operational landfills at Eastern Creek and Belrose Waste Management Centre, along with the rehabilitation and aftercare of several closed landfills across the Sydney metropolitan region.

WAMC focuses on reducing the environmental impacts of operational and closed landfills through initiatives such as the efficient collection of landfill gas with the potential for generating both renewable energy and green credits. WAMC facilities generate a total of 96,000 MW hours per annum of renewable electricity whilst significantly reducing climate impacting methane gas emissions. The WAMC annual report is available on page 55.

6.2 Office of Finance

The Office of Finance was established in November 2011 to provide strategic financial and economic input to discrete policy areas and to drive whole-of-government asset management and fiscal reform initiatives. The Office has a wide ranging brief which reflects the Department's diverse portfolio responsibilities.

Asset management

Until recently there had been no whole-of-government management strategy across the NSW Government's \$122 billion property portfolio. This resulted in unnecessary expenditure and a mismatch between asset holdings and demand for services in parts of NSW.

The Property Asset Utilisation Taskforce (PAUT) commenced under the Minister for Finance and Services in February 2012. The taskforce is chaired by Mr Geoff Levy AO and comprises an independent Ms Louise Byrne and senior NSW Government representatives. The taskforce has commenced an extensive stocktake of all NSW Government property assets and is developing a comprehensive strategy to encourage active management of real property assets, focusing on reducing waste and duplication whilst maximising functionality and public value. The improved focus

and management of the portfolio is expected to see asset management make a bigger contribution to economic growth by better utilising the government's finite asset base in meeting service delivery demands.

The Office of Finance provides financial, policy and secretariat support to the taskforce, and is ultimately accountable for the delivery and implementation of the report being produced and for associated asset divestment or utilisation opportunities. Through this role and other related projects, the Office of Finance seeks to: improve and coordinate government wide asset management strategies; through structured reform and alignment of interests, to move agencies from passive to active asset management; and to increase transparency and accountability.

Whole of government reform

Over 2011/12, the Office of Finance was directly engaged in a number of whole-of-government reform projects. These projects included reviews of a number of business units within the department, including the State Records Authority, NSW Public Works, Land and Property Information and State Fleet. This work specifically considered the efficiency, effectiveness and optimal delivery model for these business units.

The NSW Government is focussed on improving housing supply and affordability. The Office of Finance has worked in collaboration with the Department of Planning and Infrastructure, NSW Treasury and the Department of Premier and Cabinet on a number of planning and housing initiatives. These initiatives include social housing, assessing potential new housing development areas, growth infrastructure plans and developer and infrastructure contributions.

The Office of Finance also participated in a number of intergovernmental working groups focussing on reviews of agencies external to the DFS cluster. This work included reviews of Education, TAFE, Emergency Services, Health Expenditure and the Office of the Director of Public Prosecution.

State owned corporations

The Minister for Finance and Services has a key role, as either the Shareholding Minister or Portfolio Minister, for all 15 State Owned Corporations trading within NSW. These businesses are significant commercial, financial and service entities managing around \$60 billion in assets and delivering essential services such as water, electricity and cargo transport to NSW consumers.

The Office of Finance aims to enhance value to taxpayers by providing expert commercial analysis and performance benchmarking, and through improved engagement on business plans. It also provides advice on medium and longer term strategies to strengthen productivity and thereby the State's overall competitiveness. Together this work is expected to drive efficiencies and improved financial outcomes for the State, while reducing bill impacts on customers and ensuring high standards of service.

The Office also works with other departments in a steering capacity to guide priority State Owned Corporations transactions, reforms and divestments in line with the government's objectives. Examples of recent project participation include the long-term lease of the Sydney Desalination Plant, the Port Botany scoping study, the electricity generators sales process, electricity distributor reforms, and the Forests NSW corporatisation process.

Expenditure Review Committee

The Cabinet Standing Committee on Expenditure Review is responsible for scrutinising all significant expenditure and revenue proposals proposed by the NSW Government. The committee leads government efforts to meet a number of NSW 2021 Plan goals aimed at rebuilding the NSW economy. The committee seeks to meet these goals through prudent financial management to place the state's finances on a sustainable, long-term footing and protect NSW's AAA credit rating. Fiscal strength and sustainability will enable the NSW Government to grow the economy, create jobs, invest in

infrastructure and services and improve the standard of living and amenity enjoyed by the people of NSW.

The Office of Finance provides expert strategic advice to support the Minister for Finance and Services in his involvement as a member of the committee.

Superannuation

The Office of Finance works to support the Minister for Finance and Services with respect to his portfolio responsibilities for superannuation. A particular focus is given to regulatory and prudential responsibilities under the *Superannuation Administration Act 1996*, which serve to safeguard the estimated \$32 billion in retirement funds currently under management¹. The Office of Finance also works in conjunction with the NSW Treasury, State Super, First State Super and Pillar Administration to drive enhanced risk/return performance for beneficiaries, while improving risk management practices and the effectiveness of administrative arrangements related to the state's superannuation assets.

6.3 NSW Public Works

In 2011/12, NSW Public Works managed approximately \$1 billion worth of projects, achieving a very high client satisfaction rating of 83.5%, against an industry standard of 75%. It contributed to drive economic growth in regional areas by maintaining regional based management capability and working with agencies to deliver their regional maintenance and capital works programs.

Major projects and achievements include:

- Completion and hand over of 27 major capital works school projects to the Department of Education and Communities, providing new libraries, administration buildings, specialist high school classrooms, performance spaces valued at \$74 million
- Completion of Trade Training Centres capital works projects to the value of \$93 million
- TAFE major capital projects valued at \$37 million
- Project management of the design and construction of the \$98 million 250-bed maximum security facility, Cessnock Correctional Centre on behalf of Corrective Services NSW. The project achieved an Aboriginal participation in construction target of 10.69% against a contract requirement of 6%, and an aspirational target of 8%. The design of the facility allows for the reduction in staff and operating costs
- Engaged to deliver the Multi-Purpose Services (MPS) Program under the Rural Hospital & Health Services Program to the communities of Balranald, Eugowra and Coonamble. The MPS Program incorporated the redevelopment of three separate hospital sites across remote NSW. It included the provision of integrated facilities tailored to each community to support the delivery of improved primary and community care services centralised in one location under a single management
- Delivered the Elizabeth Macarthur Agricultural Institute (EMAI) bio security upgrade 12 months early and on budget for the client, the Department of Primary Industries (DPI). The project included design and construction of new laboratories to physical and quarantine containment standards PC2/QC2 and PC3/QC3, and refurbishment of six existing laboratories. It also required the set up of temporary laboratories to standard PC2/QC2 to enable the facility to remain operating at full capacity. The new building

¹ The figure of \$32 billion reflects funds under management at SAS Trustee Corporation as at 31 December 2011.

and refurbishment were completed simultaneously with a reduction in construction time of 12 months as well as budget savings of \$1 million.

NSW Water Solutions achievements included:

- A laser scan survey of the whole of Campbell's Cove for the Sydney Harbour Foreshore Authority. The survey covered the historic Campbell's stores and public foreshore area and produced a 3-dimensional CAD representation of the site to millimetric accuracy, overlaid by digital imaging. The information will be a fundamental input to the redesign of the area.
- A large scale precise monitoring survey of the Port Botany expansion areas, covering around 70 ha of reclaimed land, this survey is being used by the Sydney Ports Corporation to ensure the new structure is behaving as designed.
- Completed the detailed design and documentation for Wyangala Dam Stage 1A Flood Security Upgrading project, involving increasing the maximum opening of the spillway radial gates and provision of large disc gate brake locking mechanisms.
- Assisted NSW Health to develop guidelines for the preparation of Drinking Water Management Systems as detailed in the *Public Health Act 2010*.
- Completed the upgrading of Lithgow Sewage Treatment Plant on behalf of Greater Lithgow City Council. The upgrading works were designed to make best use of the existing trickling filters while achieving high levels of treatment and disinfection.
- Undertook remedial works on the Coffs Harbour Eastern Breakwater for the client the Department of Primary Industries (DPI) and as project manager for the replacement concrete armour units and rock armour is to be put along the length of the breakwater.

NSW Government Architect's Office achievements included:

- In association with Sydney Architect, Sam Marshall, completion of the redevelopment of the Museum of Contemporary Art Australia. The building increased the total size by almost 50% with an addition of 4,500m².
- Engaged by the Sydney Harbour Foreshore Authority to prepare designs for the West Circular Quay Public Domain Revitalisation Project, which when completed, will enhance the precinct which links to the Rocks, Circular Quay and the Opera House.
- Engaged by the Department of Education and Communities to maintain and augment the School Facilities Standards documents. These standards outline the technical, design and educational requirements for school buildings and their environments.

Emergency and disaster management

During the year, NSW experienced the geographically largest and longest flooding disaster on record. The engineering emergency management team provided expert personnel and engineering advice for the major flood events in Northern NSW and Queensland.

The work included assessment of over 20 town levees, protection of critical telecommunications infrastructure, establishment of three recovery centres and provision of advice to a number of local councils on the maintenance of essential services such as water and sewerage.

Assessments were made on the likelihood of a dam collapse, three structural collapses, a land slip at Middle Cove and road collapses in the Sydney CBD.

The team assisted Fire and Rescue NSW by providing structural advice to successfully fight a number of large fires in the Sydney Metropolitan Area, and in Fire and Rescue NSW efforts to gain United Nations accreditation for Urban Search and Rescue.

The team also administered the Natural Disaster Relief and Recovery Arrangements for NSW Treasury, providing financial assistance to local councils whose assets had been damaged by declared natural disasters. Thirty five grant offers to the value of \$15.04 million were recommended for approval in 2011/12, and 17 payments amounting to \$3.13 million were made under the program for disasters that occurred during the year or in previous years where works were still eligible for payments.

Key performance indicators

	2007/08 actual	2008/09 actual	2009/10 actual	2010/11 actual	2011/12 actual	Comment	2011/12 target
Projects managed on time	92%	93%	92%	85%	89%	Target exceeded	85
Projects managed on budget	90	87	92	85	92	Target exceeded	85
Lost time injury frequency ratio	1.9	3.4	2.4	2.86	2.7	Note 1	5.0

Note 1: Lost time injury frequency ratio of 2.7 (i.e. 2.7 injuries for each million hours worked) compared to construction industry annual average of 15.5 injuries for each million hours worked.

6.4 NSW Fair Trading

NSW Fair Trading works to promote a fair marketplace for consumers and traders. This is done through safeguarding consumer rights, ensuring that legislation and regulatory frameworks meet the requirements of today's commercial environment, and providing information and services which enable individuals and businesses to understand consumer protection laws and to function effectively in the marketplace.

Community access to information and services

Through a network of 24 Fair Trading Centres and the Fair Trading Information Call Centre, information is provided to consumers and traders on their rights and responsibilities under fair trading legislation. In 2011/12, NSW Fair Trading answered 1,034,090 telephone enquiries, 91.4% 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 use of the website continued to grow with 5,275,111 visits in 2011/12, an increase of 17% on the previous year.

During 2011/12, a total of 44,248 consumer complaints were received, of which 33,321 related to general fair trading matters, 8,586 concerned home building and 2,341 related to real estate issues. Of these, 85% were successfully resolved. During 2011/12, Fair Trading delivered 704 information sessions, talks and seminars attended by 20,697 people throughout the State.

During 2011/12, Fair Trading introduced the OneGov program providing a range of government services from each of the Fair Trading Centres. Under OneGov, members of the NSW public can obtain information, collect applications, lodge forms and pay transactions in relation to services provided by a number of NSW government bodies, including Births, Deaths and Marriages, National Parks and State Debt Recovery.

Services

NSW Fair Trading sets a high standard of quality customer service, including a guarantee of service which promises that fully completed new licence applications will be processed within 30 days of

receipt. This year the standard was met for 98% of the 12,414 new property and business licences issued, and for 100% of the 53,276 property and business licence renewals.

A total of 14,887 new home building licenses were issued, 97% within 30 days, exceeding the guarantee of service target of 85%. Of the 72,639 home building licence renewals, the target was achieved with 90% issued within two working days.

Consumer alliance

NSW Fair Trading entered an 18-month trial agreement with consumer group CHOICE to accept super-complaints. The first super-complaint was lodged by CHOICE on 8 March and focused on the operations of electricity switching sites. In responding to the super-complaint, Fair Trading worked with a range of agencies including other fair trading regulators, the Independent Pricing and Regulatory Tribunal, the Australian Competition and Consumer Commission, the Australian Energy Regulator and the Energy & Water Ombudsman NSW. The response has been published on the Fair Trading website.

Fair Trading concluded that further information and education programs are required to improve consumer understanding of the market and their ability to make effective choices. Fair Trading is also considering a number of claims made by electricity switching websites to determine whether those specific representations breach the provisions of the *Australian Consumer Law*.

Compliance with fair trading laws

NSW Fair Trading promotes a fair marketplace by maximising trader's compliance with regulatory requirements. In doing so, Fair Trading also seeks to educate and engage with both consumers and traders on relevant issues. In 2011/12, through targeted compliance programs in the property, retail, travel, motor vehicle, product safety and home building sectors, Fair Trading carried out a total of 4,097 inspections and 3,123 investigations across NSW.

In particular, Fair Trading investigators visited 942 home building sites and issued 443 penalty notices for various offences under the *Home Building Act 1989* and the *Electricity (Consumer Safety) Act 2004*.

Following the introduction of the *Australian Consumer Law* on 1 January 2011, Fair Trading has undertaken effective compliance and enforcement measures in collaboration with State, Territory and Commonwealth consumer protection regulators. NSW Fair Trading has led a multi-jurisdictional program to stamp out the criminal activities of travelling con men offering unlicensed building work. In 2011/12, 30 prosecutions have commenced against 28 individuals, 39 individuals have departed Australia and a further 20 individuals have Court attendance notices pending.

The Compliance and Dispute Resolution Advisory Committee is chaired by NSW Fair Trading and seeks to ensure that compliance and dispute resolution across Australia is coordinated, efficient, responsive and where appropriate, consistently applied under the *Australian Consumer Law*.

Key achievements in 2011/12 include:

- Negotiated outcomes for travellers following the grounding of Tiger Airways and Qantas, as well as for consumers affected by Air Australia being placed under administration
- Commenced work on the national 'Unfair Contract Terms' project, with the examination of the standard form consumer contracts used by 80 online businesses
- Responded to the developing online group buying markets
- Identified an increase in enquiries and complaints about participating suppliers via a coordinated approach to dispute resolution

Enforcement action

Offences against Fair Trading legislation are detected through inspections, intelligence gathering and as a consequence of formal investigations of complaints. During the year, 544 traders were issued with penalty notices in relation to 928 offences, resulting in financial penalties of \$789,050. Formal prosecutions, where 96% of cases were successful, resulted in \$627,222 in fines and penalties involving 102 defendants

During 2011/12, Fair Trading's prosecutions resulted in three people receiving custodial sentences, two of which are under appeal. William Barry Wilkinson received the longest sentence of 18 months full-time imprisonment from 10 February 2012, with a non-parole period of 8 months, for misappropriating trust funds of more than \$1 million.

NSW Self Insurance Corporation

Home warranty insurance is an important component of consumer protection for homeowners in NSW. The government created the Building Insurers' Guarantee Corporation (BIG Corp) to assist consumers who had been supplied with a Certificate of Home Warranty Insurance issued by HIH or FAI before 20 June 2001, and before 15 March 2001, in relation to work carried out by an owner builder. The corporation was the responsibility of NSW Fair Trading.

On 1 July 2010, the NSW Self Insurance Corporation (SI Corp) located within NSW Treasury, trading as the NSW Home Warranty Insurance Fund, took over as the sole provider of home warranty insurance in NSW. The *Allocation of the Administration of Acts (5 October 2011)* subsequently transferred the management and administration of BIG Corp to SI Corp on 5 October 2011.

The Home Warranty Insurance Scheme Board was established to oversee the operation of the Home Warranty Insurance Scheme in NSW. The board continues to monitor the operation of the scheme, including the current and the former (pre 1 July 2010) privately underwritten home warranty schemes. NSW Fair Trading continues to provide executive support to the board and manages Fair Trading's responsibilities under the *Home Building Act 1989* in relation to home warranty insurance.

NSW participation in national reform

The Council of Australian Governments is implementing 27 national reform projects to deliver a seamless national economy. Seven of these projects have direct impacts on the operations of NSW Fair Trading's activities. NSW Fair Trading has finalised its involvement in six of these initiatives.

On 30 January 2012 the national Personal Property Securities Register subsumed the NSW Register of Encumbered Vehicles (REVS). Insolvency and Trustee Services Australia became the Australian Government agency responsible for administering the register, and all data previously held on the register of encumbered vehicles has been transferred.

A new national business names registration service replaced the current State/Territory systems on 28 May 2012. Businesses now only need to register their name with a single, national register. The service is administered by the Australian Securities and Investments Commission and the existing 499,797 NSW business name registrations were automatically transferred into the new national register.

Both the new national Business Names Register and the Personal Property Securities Register were initiatives of the Council of Australian Governments designed to assist in the development of a seamless national economy.

Work on the final initiative, reforms for a national occupational licensing system will continue in 2012/13.

Key performance indicators

	2007/08 Actual	2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Target	2011/12 Actual	Comment	2012/13 Target
Public knows where to get Fair Trading help	63%	62%	61%	56%	65%	53%	Note 1	65%
Consumers confident in fair operation of marketplace	79%	74%	75%	72%	74%	76%	Target achieved	74%
Complaints finalised within 30 days	96%	93%	92%	90%	85%	90%	Target achieved	85%
Telephone enquires answered within the guarantee of service	90%	99%	98%	90%	90%	91%	Target achieved	90%
Proportion of prosecutions successful	92%	96%	90%	86%	≥90%	96%	Target achieved	≥90%

Note 1: Fair Trading is currently reviewing the methodology for conducting this survey to better reflect changes in the community and use of new communications technology.

Annual reporting requirements (Fair Trading)

Provisions within the *Community Land Management Act 1989* and the *Strata Schemes Management Act 1996* require the Commissioner for Fair Trading, Department of Finance and Services (as the "Director-General" under those Acts) to prepare a report to parliament on the respective operations of the Commissioner under Part 5A of the *Community Land Management Act 1989*, and the *Strata Schemes Management Act 1996*. The Commissioner's actions or activities relating to these Acts are not conducted in isolation, but are fully integrated across all the operations of NSW Fair Trading.

Community Land Management Act 1989

The following information addresses section 109G of the *Community Land Management Act 1989* in connection with annual reporting of the operations of the Commissioner for Fair Trading in the areas of resolving complaints and disputes, investigating alleged breaches of the Act, taking legal action, providing information on community schemes and reporting on any other matter, including those referred to the Commissioner by the Minister for Fair Trading.

Resolving complaints and disputes

Community land management enquiries and dispute mediations are counted jointly with strata scheme enquiries and mediations - see next section on *Strata Schemes Management Act 1996*.

Legal action taken

	2007/08	2008/09	2009/10	2010/11	2011/12
Community land management prosecutions	0	0	0	0	0
Community land management penalty notices	0	0	0	0	0
Community land management civil litigation	0	0	0	0	0

Community Land Management information

Community land management information was available through the Fair Trading website at www.fairtrading.nsw.gov.au. Fair Trading also provides the following community scheme publications for proprietors, occupiers, associations, managing agents and members of the public.

- Living in a community scheme
- Strata and community disputes
- Strata and community mediation

Strata Schemes Management Act 1996

The following information addresses section 216 of the *Strata Schemes Management Act 1996* in connection with annual reporting of the operations of the Commissioner for Fair Trading in the areas of resolving complaints and disputes, investigating alleged breaches of the Act, taking legal action, providing information on strata schemes and reporting on any other matter referred to the Commissioner by the Minister for Fair Trading.

Resolving complaints and disputes

	2007/08	2008/09	2009/10	2010/11	2011/12
Strata scheme enquiries	33,955	33,766	36,865	39,273	37,689
Strata scheme dispute mediations	1,380	1,226	1,284	1,396	1,686

Legal action taken

	2007/08	2008/09	2009/10	2010/11	2011/12
Strata scheme prosecutions	0	0	0	0	0
Strata scheme penalty notices	0	0	0	0	0
Strata scheme civil litigation	0	0	0	0	1

Mediation

Mediation is a successful way for parties to settle strata and community scheme disputes. People can resolve their disputes without the need for formal adjudication and many side issues are resolved along with the main dispute. During 2011/12, 570 applications did not proceed as at least one party did not agree to mediation. 345 cases were successfully managed prior to mediation. Of the 771 applications referred to mediation, 66% were successfully mediated.

Strata schemes information

A range of strata schemes information was also available through the Fair Trading website at: http://www.fairtrading.nsw.gov.au/Tenants_and_home_owners/Strata_schemes.html. During the year, the following strata scheme publications were available for members of the public, owners, occupiers, owners' corporations, lessors of leasehold strata schemes and strata managing agents.

- Buying into a strata scheme
- Buying off the plan
- Strata and community disputes
- Strata and community mediation
- Strata living

- Sinking funds in a strata scheme
- Strata retirement villages

Strata review

A comprehensive review of the strata and community title laws is currently being carried out. This is a joint project with Land and Property Information that is examining all the laws regulating the development and management of strata and community schemes.

The review process began with an online consultation forum hosted by Global Access Partners (GAP) that closed on 29 February 2012. The forum received 19,138 visits from 13,558 individual visitors. Over 1,200 individual comments were received and close to 600 suggestions for procedural change or law reform were submitted.

A discussion paper is currently being prepared for the next round of public consultation.

6.5 NSW Industrial Relations

NSW Industrial Relations (NSW IR) works with employers and employees to achieve fair, equitable and productive workplaces. In partnership with the Commonwealth Government, NSW Industrial Relations is completing the transition to the national industrial relations system. NSW Industrial Relations' activities are designed to provide accessible information, help for employers and employees and promote compliance with industrial relations legislation.

Industrial Relations Act 1996 reforms

A number of amendments to the *Industrial Relations Act 1996* were either introduced or commenced during the reporting period. NSW IR provided support to the Minister on all of them.

- The *Industrial Relations Amendment (Non-Operative Awards) Act 2011*, commenced on 28 November 2011, enables the Industrial Relations Commission to rescind awards that have no current application to any employer or employee, and provides that all awards be declared 'non-operative' awards are taken to be rescinded by the Commission. This legislation recognises that many state awards became 'non-operative' when the national workplace relations system for the private sector commenced on 1 January 2010.
- The provisions in the *Industrial Relations Act 1996* that regulate the internal affairs of unions were considered insufficient to deal with serious internal issues arising in registered organisations. This became apparent after proceedings were commenced in the Federal Court in relation to the Health Services Union. It was not clear whether those proceedings could deal with the state registered branch of the union, so urgent legislation was introduced into the Parliament. The *Industrial Relations Amendment (Industrial Organisations) Act 2012* was introduced on 8 May 2012 and commenced on 11 May 2012. As a result, the Federal Court was able to make orders for the appointment of an administrator. NSW IR also provided support for the Minister's intervention in the proceedings.

Public Sector wages policy

NSW IR participated in Wages Policy Taskforce meetings throughout 2011/12. In addition, it undertook the Regulatory Impact Statement (RIS) for the *Industrial Relations (Public Sector Conditions of Employment) Regulation 2011*. The RIS was published on the NSW IR website and other media on 14 October 2011 for a period of public comment that closed on 18 November 2011. On 31 January 2012, the Minister wrote to the Chair of the Legislation Review Committee to confirm that the requirements of the *Subordinate Legislation Act 1989* had been satisfied.

Equal remuneration case

The long running case seeking equal remuneration for employees in the social and community services sector drew to a close in the reporting period, with Fair Work Australia handing down the final orders in the matter on 22 June 2012. NSW IR provided support to the Government in its submissions to Fair Work Australia throughout the matter. In doing so, NSW IR has worked closely with both the NSW Treasury and the Department of Family and Community Services.

Fair Work Act post-implementation review

When the Fair Work legislation was introduced into the Commonwealth Parliament in 2009, the Commonwealth Government committed to undertake a review of the Act two years after its implementation. A review commenced in January 2012. A NSW Government Position Statement was provided to the Review Panel on 4 April 2012. It is understood that the report of the Review Panel was provided to the federal Minister in June 2012.

Assisting small businesses and regional employers

NSW IR continued to deliver a comprehensive education program to assist NSW private sector businesses transitioning from the state award system to the national workplace relations system, workshops were held covering specific awards, as well as generic national system workshops to support business owners and managers. There were 87 workshops conducted in the Sydney metropolitan area with over 900 participants, and 84 in regional NSW with over 800 participants.

NSW IR in 2011/12 for the first time ran live webinars on the national workplace relations system called Fair Work Fundamentals. Eight webinars were held, attracting 93 participants. The webinar program will be expanded in 2012/13.

Inspecting NSW workplaces

NSW IR continues to participate in the national industrial relations system, working in partnership with the Fair Work Ombudsman in delivering a compliance program to workplaces in NSW. NSW IR delivered over 3,100 transitional education visits to employers in NSW to explain the national industrial relations system and highlight key changes impacting employers and employees.

In the same period NSW Industrial Relations also delivered, on behalf of the Fair Work Ombudsman, 277 workplace audits, ensuring compliance with national industrial relations laws. As a result of the audit program, NSW IR assisted in recovering over \$46,000 in back pay to employees.

In addition, NSW IR finalised over 1,800 industrial complaints on behalf of the Fair Work Ombudsman with over \$2.3 million recovered in back pay to employees in NSW. NSW IR also investigated over 330 industrial complaints involving alleged breaches of NSW industrial relations laws. Outcomes of these investigations have resulted in almost \$1 million in back pay to NSW employees.

Educating and supporting vulnerable workers

NSW Industrial Relations continued to assist vulnerable workers, including young workers and culturally and linguistically diverse communities to better understand their rights under the national system through improved access to the agency's resources and services. In total, 66 presentations were delivered to over 1,200 attendees. Eleven of the 66 presentations were delivered by video conferencing with the remaining 55 as face to face presentations. NSW IR's linguistically diverse section of the website recorded an increase in visits of 17% on the previous year while the young workers area of the website recorded a 4% increase.

Supporting Indigenous employers and workers

NSW Industrial Relations' Aboriginal and Torres Strait Islander support team has successfully delivered employer information and assistance to indigenous communities for over 12 years. It was identified that a lack of culturally appropriate help and support options in relation to the move to a

national workplace relations system would leave already vulnerable employees further disadvantaged so the team developed an Aboriginal and Torres Strait Islander Assistance Program.

In 2011/12 the team provided telephone support on employment issues, workshops and presentations and a range of culturally appropriate publications to provide information to assist Indigenous employers and their employees. This includes nine fact sheets on different aspects of the national workplace relations system aimed at Indigenous employers and employees. Fact sheets are located on NSW IR's website and were distributed to subscribers to the Unit's indigenous news letter "Two Rivers" and at Indigenous Job Markets and NAIDOC events.

During 2011/12 NSW IR's Indigenous People section of the website recorded an increase in visits of 61% on the previous year.

Maternity at Work

NSW IR produced the ninth edition of its popular publication Maternity at Work. The 30 page booklet comprehensively details employee and employer responsibilities around the whole spectrum of Maternity and the workplace. Some of the topics covered include, paid and unpaid parental leave, breastfeeding at work and flexible work arrangements,

Booklets are distributed to all major hospitals in NSW for use in their maternity wards and are also accessible via NSW IR's Website.

6.6 Government Services

Government Services comprises NSW Procurement, Corporate and Shared Services Reform, ServiceFirst, StateFleet and ICT Strategic Delivery and provides services to NSW Government Departments in the areas of procurement, fleet, information technology, human resources, finance and business services. The division supports whole-of-sector reforms in procurement, information technology and corporate and shared services.

Review of Government Procurement

The NSW Government is overhauling its system for purchasing goods and services to address overly complex procurement processes. This whole-of-sector reform is intended to make doing business with the NSW Government simpler, easier and more attractive.

The first steps in the reform process were taken in early 2012 with proposals for a new overarching governance structure and operating framework for procurement that:

- Allows for contemporary means of sourcing government goods and services
- Brings the form and content of government contracts in line with modern practice
- Expands the ways that small and medium enterprises can effectively gain opportunities to supply goods and services to the government
- Introduces greater innovation into government procurement to stimulate a more vibrant NSW economy

After significant stakeholder consultation, including a Ministerial forum bringing together over 150 senior private and public sector leaders, and the release of a discussion paper for public comment, legislation establishing the new operating model for procurement started on 1 July 2012. There will be fewer centralised contracts, which will only be for those goods and services where there are clear advantages for government to have them, for example, for energy and ICT purchases.

Departments are being given greater responsibility for their procurement within a single policy and regulatory framework. The NSW Procurement Board - established by amendments to the *Public*

Sector Employment and Management Act 2002 and comprised of Directors General - is charged with managing that framework. The board has responsibility for overseeing the government's procurement system, setting policy and ensuring compliance. The board is supported by a leadership group of senior procurement and business executives from across the public sector, and an industry advisory group of private sector representatives.

Other reforms implemented include the abolition of the 2.5% management fee previously levied on state contracts and the introduction of 30 day payment terms for small to medium enterprise suppliers. Significant improvements to major contracts have been introduced, including Easy Access Registration to streamline application and contracting processes for low value and low risk engagements.

Simplified contract and tender documents for goods and services have also been developed to reduce the red tape associated with becoming a supplier to government.

NSW Procurement

In 2011/12, NSW Procurement managed 61 state contracts and 55 client specific contracts. Total expenditure through state contracts in 2011/12 was \$3.87 billion.

NSW Procurement has a leading role in supporting the government's commitment to save \$1 billion in goods and services expenditure over four years through the identification of whole of government procurement savings opportunities. The target for the first year of \$72 million was achieved.

NSW Procurement implemented the Agency Accreditation Scheme in August 2011. The scheme supports the development of procurement capability in the NSW Government. NSW Procurement, NSW Health and NSW Police Force are the first organisations to have been accredited under the new scheme.

NSW Procurement has embarked on the implementation of a contract life cycle management system to deliver benefits across the sourcing, contract management and supplier performance management phases of the procurement process. A major development program has also commenced to build a new electronic NSW Government purchasing and supplier platform for launch in late 2012.

In 2011/12, the procurement system for construction enabled more than 55 NSW government departments to procure \$768 million in construction projects with \$74 million in savings for the government.

Corporate and Shared Services Reform Program

The whole-of-government corporate shared services program is to help departments more quickly consolidate, simplify and standardise their corporate support functions to reduce operating costs.

The central Corporate Shared Services Reform Program (CSSRP) began in 2010 to benchmark the efficiency of departments' corporate operations, develop standard administrative processes that departments could use to sustainably reduce the cost and complexity of their back office functions and oversee the delivery of the program across government.

In 2011/12, a set of government business process standards were released and a benchmarking project initiated for human resources, procurement and finance functions.

ServiceFirst

ServiceFirst's primary objective for 2011/2012 was to improve the customer experience. To this end, ServiceFirst maintained its focus on continuous improvement, streamlining the business and standardising processes. The revised account management framework, designed to facilitate robust communication and swift issue resolution, was integral to enhancing customer engagement. In addition, ServiceFirst substantially changed its Service Partnership Agreements, which now function as plain-English guides to the services offered.

ServiceFirst continued its commitment to quality improvement with investment in certifying several staff in Lean 6 Sigma and introduced a Management Assurance Framework (MAF). The MAF supports the assurance of internal audit and risk compliance requirements for ServiceFirst customers.

A customer satisfaction survey conducted in December 2011 provided valuable input into planning for service improvement in 2012/13. In the second half of 2011/12, ServiceFirst focussed on making significant changes to streamline and right-size the business to provide improved services and reduce the cost of service for clients.

Fleet efficiency review

In late 2011, following completion of a review on vehicle fleet efficiency, the Department of Finance and Services (DFS) was given the central role of co-ordinating whole of sector improvements to the operation and efficiency of the Government fleet.

The NSW Fleet Board, comprising senior government officials was established in April 2012, and is responsible for strategic management of the NSW Government Fleet.

The board is overseeing a number of initiatives to support the delivery of fleet efficiencies by departments including the development of a fleet and motor vehicle policy framework and the introduction of strategic fleet reviews. Savings arising from fleet efficiencies may be used by departments to contribute to their overall procurement savings allocations for 2012/13 and beyond.

StateFleet

StateFleet provides fleet acquisition, management and disposal services on a commercial fee-for-service basis, primarily to government departments. The NSW Government fleet has approximately 28,000 vehicles leased or owned by departments.

StateFleet has completed the first stage of a forecasting model to enable a more accurate forecasting of annual capital requirements for motor vehicle purchasing.

SmartPool, an online booking system has streamlined the process of booking a pool vehicle for many NSW Government Departments. As at 30 June 2012, 8,995 NSW Government vehicles were available for booking in SmartPool.

Government Licensing Service

The Government Licensing Service (GLS) makes it easier for people to access services at a time and place that suits them. New services implemented in 2012 include a registration scheme for regional health services for disabled people, real estate agent licensing and the completion of WorkCover licences.

Providing 'software-as-a-service' to most departments in NSW, the number of licence records held by the GLS grew 20% (4.8 million) in 2010/11 to over 6 million during the year. The increase in transaction value grew 20% from the 2010/11 figure of \$130 million to over \$160 million in 2012, with users increasing 22% to 3,629. Customer satisfaction surveys for online users conducted throughout the year also improved to 98% of customers 'satisfied' with the service (approximately 100,000 respondents).

Key performance indicators

	2007/08 Actual	2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Target	2011/12 Actual
Savings identification from goods and services expenditure	-	-	-	-	\$72M	\$72M
Client satisfaction with IT Shared Services	86%	90%	90%	88%	80	87%
Transactions through State Contracts	\$3.64B	\$3.58B	\$3.67B	\$3.72B	\$3.90B	\$3.87B
Motor vehicle clearance rates at auction between 70% to 80%	85%	87%	83%	83%	80%	78.5%
Government Licences administered	1.16M	1.7M	2.1M	4.7M	5.1M	6M

6.7 Office of State Revenue

Revenue

In 2011/12, Office of State Revenue (OSR) collected over \$18 billion in revenue, including \$7.6 billion in payroll tax, \$5.5 billion in duties and \$2.3 billion in land tax, and also included is \$299 million in additional revenue identified through compliance activities. OSR compliance activities identified businesses with potential liabilities, those who might not have complied with their state revenue obligations and recipients of first home benefits who did not meet the eligibility requirements.

Debt management

2011/12 has been a significant year for OSR in its approach to debt management activities and resolution. OSR established a centralised debt recovery division to manage fines and tax debt, and created the new position of Chief Recovery Officer. OSR collected over \$750 million in overdue tax debt revenue and over \$210 million in overdue fines revenue.

In 2011/12, OSR engaged a panel of four external debt collection agencies to assist with the recovery of overdue fines debt. This is a NSW Government initiative to reduce the amount of money owing for unpaid fines.

The initiative commenced with a proof of concept pilot phase to evaluate the success of the program. OSR also piloted a debt management strategy for reducing the loss of payroll tax through phoenix activity, and through an outbound call centre campaign recovered over \$10 million in outstanding land tax.

Client satisfaction and service

In 2011/12, OSR had a range of initiatives to improve its services. OSR successfully published the first YouTube video for first home benefits. OSR also supported Fair Trading Centres to accept payments and assist clients to finalise fines.

A self service portal for fines was established to assist over 8,000 clients with payment arrangements online. OSR has introduced online fines court elections and an electronic nominations process for companies. Clients are also able to request a review of their fine, online.

OSR implemented Work and Development Orders Phase 1 which directly assists disadvantaged and vulnerable people with their outstanding fines debt.

OSR successfully implemented legislation, technical training and client education for the First Home—New Home Scheme, Payroll Tax Rebate Scheme (NSW Government Jobs Action Plan), Payroll Tax (Disability Employment) Rebate Scheme and the Regional Relocation Grant.

As part of our commitment to improving client service, OSR conducted a number of client satisfaction surveys across core services. The surveys are designed to measure client's ease of access to information, timely resolution to queries and the quality of OSR client service.

OSR's March 2012 Client Satisfaction Survey indicated that 86% of respondents were 'generally satisfied with the services OSR provides'.

The State Debt Recovery Office Commercial Client Survey conducted in November and December 2011 showed 90% of commercial client respondents were generally satisfied with the services OSR provides. Other results included 94% of respondents agreeing that OSR services provide value for money.

OSR also surveyed clients who use our advocate services. Overall, the survey indicated that the respondents were highly satisfied with OSR's services.

In particular, 91% of respondents were satisfied with their experience using the dedicated Advocate Hotline phone service and 95% of respondents were satisfied with the level of service they received when calling the hotline. Furthermore, 94% highlighted that the staff they dealt with when using OSR advocate services were courteous and professional.

Key performance indicators

	2011/12 Target	2011/12 Actual	2012/13 Target
Cost to collect \$100 tax	≤ \$0.53	\$0.52	≤ \$0.53
Cost to administer \$100 fines ¹	≤ \$13.12	\$12.22	≤ \$13.12
Percentage of payments received electronically (tax)	≥ 90%	91%	≥ 90%
Percentage of fines finalised within a year	≥ 80%	80%	≥ 80%
Percentage of returns received on time from monthly lodgers ²	≥ 90%	88%	Under review
Client satisfaction survey - Satisfied with OSR services	≥ 80%	88%	≥ 85%
Collectable debt as a percentage of revenue collected (tax) ³	≤ 1.5%	1.31%	Under review
Debt under management as a proportion of outstanding debt (fines) ³	≥ 50%	56%	Under review
Staff Satisfaction Survey - Proud to work in OSR	≥ 85%	94%	≥ 90%
Sick leave taken per Full Time Equivalent (FTE)	≤ 46 hours	53.71 hours	≤ 49 hours

1. This KPI has been revised for 2012/13 to reflect changing organisational structures. 2. The 2012/13 KPI definition is under review to better reflect corporate objectives. 3. The 2012/13 target is under review due to the creation of a new business unit.

	2010/11 actual	2011/12 target	2011/12 actual
Total overdue debt as a percentage of tax revenue	1.54%	1.50%	1.31%
Revenue collected to original budget	100%	98%	101%
Revenue identified through compliance activities	\$328M	\$300M	\$299M

6.8 Land and Property Information

Land and Property Information (LPI) division provides foundation land and property information for NSW. Authoritative land information is a vital tool that enables the community, business and government to derive maximum benefit from land and property to generate economic growth and prosperity. The division's integrated framework connects the people of NSW to a comprehensive package of land and property services including land title registration, property information, valuation, surveying and mapping.

Land title registration and information services

Land and Property Information provides land title registration services on behalf of the Registrar-General. These services include registration of plans and property transactions, issue of certificates of title and conversion of old system land to Torrens title.

The downturn in the property market continues to impact on the volume of plans and property transactions lodged for registration in the land titles system. While there was a slight increase (1.2%) in the lodgment of dealings recording property transactions, plan lodgments continued to decline. Deposited plan lodgments decreased by 7% and strata plan lodgments decreased 9% compared with 2010/11. In 2011/12 35,237 new lots were created; 22,696 from deposited plans and 12,541 from strata plans, a decrease of 6.3% overall on 2010/2011 results.

Land and Property Information has continued to improve access to property information through automating manual processes, converting hard copy records to electronic format and using integrated data, systems and processes to develop new electronic products and services. Key performance highlights for 2011/12 include:

- Collaborating with the jurisdiction land registries, conveyancing industry and National E-Conveyancing Development Limited (NECDL) to progress development of national electronic conveyancing
- Introducing a key workflow system to create a seamless e-business environment for land title plans from lodgment, validation, examination and registration through to storage and dissemination of digital plan data throughout LPI and to its customers
- Developing the Digital Plan Processing System, including new services to facilitate lodgment of plans in Land XML format and building an enterprise Survey Information Repository to be the point of truth for data about survey plans lodged with LPI
- Converting a further 9,506 Old System, Crown and manual Torrens Title land parcels to electronic titles held within the Integrated Titling system
- Implementing a new online system enabling LPI to validate Office of State Revenue assessment/transaction numbers related to payment of stamp duties when dealings evidencing transactions are lodged at LPI for registration
- Launch of the Electronic Product Information Catalogue (EPIC) which will facilitate 24/7 access for all products and services by first quarter 2012/13
- Continued enhancement of the Government Property Register to improve the accuracy and completion, including the release of a new faster viewer
- Facilitating the creation of two 'Memoranda' which can be adopted as a By-Law in new or existing strata schemes designed to provide a means to clearly identify what is common property within a strata scheme

Spatial data

One of the Land and Property Information's major roles is to develop, maintain and enhance spatial infrastructure to support other government agencies, emergency service organisations, industry and the community. In 2011/12, the division continued to support the spatial mapping requirements of government and the community used for navigation, emergency services and counter-terrorism activities. It also provided an accurate positioning infrastructure network that supports the surveying, transport, mining, construction and precision agriculture industries.

The division also continued work in collaboration with Local Government to develop the Comprehensive Property Addressing Program (CPAS), a single source of truth for addressing information in NSW.

Key performance highlights for 2011/12 include:

- Supported the imagery requirements of the State Emergency Service and local government in flood monitoring, risk management and recovery operations during the NSW floods by capturing and distributing timely images of flood waters
- Expanded its network of continuously operating reference stations (CORsnetNSW) to provide real time access to sub-metre accurate positioning data for 87% of the state
- Upgraded the spatial accuracy of digital property boundaries in fifteen local government areas to meet planning and infrastructure development needs
- Updated topographic points of interest data to support map production, navigation and spatial enquiry services.

Valuation services

Land and Property Information delivers valuation services to the community under a Service Level Agreement (SLA) with the Valuer-General. In 2011/12, Valuation Services continued to implement strategies aimed at improving the quality of land values determined in NSW. In 2011, LPI commenced a complex land value improvement program aimed at prioritising properties at greatest risk of valuation error due to property and valuation complexity. The program commits more resources to high risk properties to ensure quality assurance is optimised and to ensure more information and better technical guidance notes are available.

Key performance indicators

	2007/08 actual	2008/09 actual	2009/10 actual	2010/11 actual	2011/12 target	2011/12 actual	Comment	2012/13 target
Total Valuations Completed	2.410M	2.417M	2.429M	2.442M	2.472M	2.455M	Note 1	2.463M
Documents registered	799,000	730,000	781,000	719,000	775,000	722,243	Note 2	805,559
Plans registered	10,782	10,192	9,776	9,948	10,500	8,833	Note 3	10,000
Property information copies produced	4.495M	4.064M	4.169M	4.109M	4.450M	4.098M	Note 4	4.200M

Slight growth in rateable properties in line with projections. 2. Slight growth in documents registered. 3. Decrease in plans registered. 4. Volumes close to forecast.

6.9 Policy and Executive Services

The Policy and Executive Services (PES) division manages whole of government policy matters in the areas of information and communications technology (ICT), Metropolitan Water and procurement policy and supports the State Contracts Control Board. It also provides support and services to the department and its related entities in the following areas of legal counsel, audit, governance and risk management, corporate performance and planning, ministerial and executive services and public affairs and communications.

PES was established in March 2012 through the merger of Policy, Ministerial and Executive Services and General Counsel divisions. Throughout the year there have been a number of other changes to the division including the Corporate Planning and Performance team moved to the division from the Corporate Finance division, the remaining Strategic Communications team joined PES after the transfer of the larger Strategic Communications and Advertising group to the Department of Premier and Cabinet and the transfer of the Communication Solutions Group from the abolished Land and Property Management Authority (LPMA).

PES division's major achievements in 2011/12 are listed with further information provided on key projects below:

- The development of DFS strategic priorities as the precursor to the development of the DFS Corporate Plan expected in 2012 supporting the completion of the transition from Department of Services Technology and Administration (DSTA) to DFS. More information on the strategic priorities is available in the corporate performance section of this report
- A whole-of-government ICT Strategy 2012 was announced in May. More information is below and the full strategy document is available for download at www.services.nsw.gov.au/ict.
- Initiating the development of the Lower Hunter Water Plan to secure water supplies for this region. A report is provided below, and more information is available at www.services.nsw.gov.au/lhwp
- Ongoing monitoring and review of the 2010 Metropolitan Water Plan for greater Sydney. A report is provided below, and more information is available at www.waterforlife.nsw.gov.au
- Key activities undertaken in the governance area include the review of the Corporate Compliance Framework, ongoing review of business continuity planning and the ongoing development of an enterprise risk management framework for implementation across DFS. More information is outlined in the corporate governance section of this report and Appendix 9.23 Risk management, attestation and insurance activities.
- Reforms to procurement policy including reform to reduce red tape, improve competition and simplify access to government business for the supply community, especially small and medium enterprises and regional businesses. Refer to the State Contracts Control Board report in the DFS related entities reports and other reporting requirements section in this report.
- Legal contract simplification in the context of the reform of the procurement of goods and services undertaken in 2012, the DFS arranged for the drafting of new standard contracts to be used by government agencies. The new templates were required to reflect the broader range of sourcing approaches that will be used by NSW Government agencies including standing offer arrangements and prequalification schemes for goods and services. The templates were developed using simpler language and also terms

that are have a reasonable allocation of risk between suppliers and government agency customers.

- The Strategic Communications Unit is responsible for both corporate and divisional communications. This year the unit represented DFS on three whole-of-government working groups for development of social media guidelines, website guidelines and the Workplace Giving Program. In its corporate role, Strategic Communications been involved in the review and rationalisation of departmental websites and planning for compliance with Web Content Accessibility Guidelines 2.0. The unit provides communications services to NSW Public Works, Government Services, State Records and internal divisions.
- The Communication Solutions Group (CSG) completed the transition from LPMA to DFS including the handover of media management, external websites and intranets and digital communication and communication collateral and systems to the relevant business divisions. CSG is providing communication services to the Housing and Property Group, Land and Property Information, the Office of Finance and the NSW Telco Authority. It has also assisted with the development of stakeholder management plans for the ICT Strategy, Procurement Reform and the Property Asset Utilisation Taskforce. CSG set up and managed online consultation via the NSW Government Have Your Say website platform for the Review of NSW Government Procurement and Just Terms Compensation Legislation for internal business clients. CSG produced the DFS annual report and coordinated with DFS related entities on the production of their annual reports.
- The Ministerial and Media Unit provided valuable support to DFS divisions and related entities including the preparation and response to ministerial and briefing notes, notices of motion, speeches, media releases and announcements, media responses and enquiries.

Corporate Planning and Performance

An executive planning session was held in September 2011 to develop the set of corporate strategic priorities, with input from the Minister for Finance and Services and the Director-General of the Department of Premier and Cabinet.

The priorities were developed by considering the NSW Government's long-term plan, NSW 2021 together with a range of government commitments and priorities for the Finance and Services cluster.

It is expected the DFS Corporate Plan will be published in the first quarter of 2012/13 financial year.

Just Terms Compensation Legislation Review

At the end of April 2012, the Government appointed David Russell SC to undertake a review of the state's just terms compensation legislation, in particular as it applies to property rights. The Office of the General Counsel is providing support to Mr Russell during the review.

The compulsory acquisition of private land is an ongoing area of concern and as such it is appropriate that the Government examine the current regime to ensure it is clear and equitable. Mr Russell is examining the relevant legislation, including the *Land Acquisition (Just Terms Compensation) Act 1991* which prescribes the procedures a government agency must follow to acquire land, and a number of other Acts that specifically authorise State Authorities to acquire land compulsorily for particular purposes.

In May 2012, advertisements were placed in metropolitan and regional newspapers, calling for interested parties to nominate issues for consideration by the review. A consultation paper is also to be released to facilitate further public consultation. Interested parties will be able to make submissions

to the review as part of the process. A written report will be provided to the government at the conclusion of the review.

Whole of government ICT strategy

The NSW government Information Communications Strategy 2012 (NSW ICT Strategy) was endorsed by government on 10 April 2012, following extensive consultation across government and with the industry and research sectors.

The strategy outlines a new, whole of government approach to ICT, including infrastructure and managed services, ICT procurement, open government, open data, information management, information sharing between agencies, innovation, and building public sector ICT skills and capabilities.

Implementation of the strategy is being facilitated by the Department of Finance and Services. The ICT Board, the ICT Leadership Group and the independent ICT Advisory Panel provide ongoing oversight over implementation.

Metropolitan Water Directorate

After transferring from the NSW Office of Water to the Department of Finance and Services, the Metropolitan Water Directorate continued to coordinate, monitor and review the 2010 Metropolitan Water Plan for greater Sydney.

This work includes analysing changes to the planning environment, refining the planning framework, reviewing demand and supply projections and options, and contributing to climate change research. Working closely with Sydney Water, Sydney Catchment Authority and key government agencies, the directorate also initiated a project to assess options for possible new environmental flow releases from Warragamba Dam.

Significantly, the directorate started work on a new Lower Hunter Water Plan, using a whole of government approach. The lower Hunter is the sixth largest urban area in Australia and one of the state's major economic centres. The plan will identify a portfolio of water supply and demand measures to secure the region's water supply in drought and for future growth.

In June 2012, on behalf of the Minister for Finance and Services, the directorate established a seven-member Independent Water Advisory Panel. The panel will provide independent strategic and technical advice on urban water planning for the lower Hunter and greater Sydney regions.

The Metropolitan Water Directorate also contributed towards the successful refinancing of the Sydney Desalination Plant and helped to ensure the transaction was structured to protect the long term water security of Sydney, including a future expansion of the plant if required.

The directorate has carriage of the *Water Industry Competition Act 2006* (WIC Act), which aims to encourage competition in the supply of water and sewerage services. The Act was amended in November 2011 and the majority of the new provisions came into force on 30 January 2012. The amendments strengthened key elements of the Act, such as customer protection and addressed duplication in the regulation of recycling schemes in NSW.

The directorate also engaged with stakeholders to develop an issues paper to inform the five-year statutory review of the WIC Act and the concurrent review of recycling regulation under the *Local Government Act 1993*. The issues paper will be released in the second half of 2012.

On behalf of the state of NSW, the directorate led input into the joint government response to the five year review for the national Water Efficiency Labelling and Standards Scheme (WELS), including development of the 2012-15 WELS strategic plan and implementation of a new cost recovery model for the scheme.

Under the Water Recycling and Stormwater Harvesting Program, around \$3 million was provided in recycling grants, including funds to complete a stormwater harvesting scheme at Bondi Beach, Yarra

Bay and within a commercial precinct at Pennant Hills. A number of other schemes have commenced including at Koola Park (Ku-ring-gai Council), Kelso Park (Bankstown Council) and Penrith.

Under the Water for Life Education and Engagement program, the directorate delivered Advancing Sustainability Leaders – a program to support sustainability and leadership capacity across local councils undertaking water projects in greater Sydney and the catchments.

Under the program the directorate provided grants and resources to 14 local councils to deliver community engagement activities as part of their recycled water infrastructure projects. The directorate also partnered with the Australian Water Association and part funded the national curriculum project to coordinate school water education resources across the nation.

Key performance indicators

	2008/09 actual (billion litres)	2009/10 actual (billion litres)	2010/11 actual (billion litres)	2011/12 estimate ² (billion litres)	Comment
Amount of water saved through improved water efficiency in Sydney	76	104	108 ¹	114	See note 3
Total capacity for recycled water in Sydney	27	33	59	62	See note 4

1. The NSW Department of Finance and Services 2010/11 Annual Report showed savings from water efficiency of 121 billion litres, however this figure incorrectly counted 13 billion litres of drinking water savings which had been achieved through recycled water projects and included in the recycled water capacity figure.

2. The 2011/12 figures are estimates rather than actual as the data had not been validated prior to publishing.

3. The 2015 water savings target of 145 billion litres represented 24% of average annual drinking water demand when the target was set in 2006. Water consumption has fallen significantly in metropolitan Sydney since the target was set. Demand for drinking water is predicted to remain at the current reduced level of around 490 billion litres per year until 2015 (see Sydney Water's Submission to IPART 16 Sept 2011). Savings of 114 billion litres represent 23% of current annual drinking water demand.

4. Industry practice is to report system capacity in recycling rather than actual use, which may vary with business activity and climatic conditions. The 70 billion litres target was for system capacity – actual use each year cannot be accurately forecast.

Governance activities

DFS regularly reviews compliance with corporate governance policies and provides quarterly reports on the results of those reviews to the Executive, and Audit and Risk Committee. The Corporate Compliance Framework was formally reviewed in June 2012.

Further progress has been made on integrating enterprise risk management and corporate planning in line with ISO 31000:2009.

Key governance initiatives in 2011/12 were:

- Establishment of cluster wide audit and risk committees
- Establishment of cluster wide financial reporting
- Major review of governance requirements for the department's related entities

6.10 Corporate Services

Corporate Services provides strategic and advisory support across DFS in the areas of people and workplace, internal procurement, Information and Communications Technology and the corporate and shared services delivery and reform. Highlights for 2011/12 include:

Corporate Operating Model (COM) - Organisational Integration

During the past year Corporate Services has undertaken several initiatives to support organisational integration, including:

- The Corporate Services Reform Program extended the implementation of the outposting model for corporate services and supported the DFS Corporate Operating Model design project.
- Development and launch of whole of DFS intranet (FASTRAC)
- Harmonisation and development of key 'People' and 'Information and Communications Technology (ICT)' policies for deployment across DFS including the 'Using ICT' Policy.

People and Workplace

Recruitment Model

The department commenced a recruitment centre of excellence, resourced with recruitment experts and making use of the sector's Taleo recruitment system. The recruitment team partners with hiring managers to design targeted recruitment activities and implement them in a timely and efficient manner. The department expects to achieve benefits through reduced recruitment-cycle times, increased acceptance rates from candidates, and more successful matches against positions.

Conduct & Ethics Training

Commencing in April 2011, an organisation-wide program of ethical workplace behaviour training supported by a DFS Conduct Framework was delivered to targeted DFS divisions. This program, which concluded in August 2012, was tailored for each level of responsibility from the DFS Executive Team and senior managers, supervisors and employees of the department. 92% of senior management from participating divisions attended sessions specific to their role in 2011. A total of 2,560 people participated in this training, representing 95% of all available employees from the participating divisions.

DFS Accommodation Initiatives

The department has implemented physical workplace design that provides a variety of types of places for staff to conduct their work, including team zones, quiet work areas, project spaces and communal hubs. The physical workplace aligns with the department's strategy for its workforce to collaborate and communicate effectively. Based on the success of the installations the People and Accommodation Executive sub-committee approved the DFS Accommodation Manual which will be used for new fit outs across DFS.

The DFS Accommodation Strategy 2011–2016 focus on co-location and relocation actions to reduce its CBD footprint, improve its space utilisation and achieve recurrent savings from its occupancy costs. Underutilised assets have also been identified for disposal to unlock capital values and reduce the department's ongoing liabilities associated with these assets. Based on these strategies, the department has developed a roadmap to achieve accommodation savings target of \$15.6 million over four years (2011-2015).

Sustainability

DFS has developed and implemented a sustainability action plan for its main office at the McKell building to improve its waste management, water and energy consumption efficiencies. These initiatives have contributed to:

- Reduction of general waste from 95% to 54%
- Increase in recyclable waste from 5% to 30%
- Increase in organic waste from 0% to 16%
- 12.5% reduction in energy consumption
- 10.5% reduction in water consumption
- 9.5% reduction in CO₂ emission
- Improvement in McKells NABERS ratings – four stars for both water and energy

Building on the success of the sustainability initiative in the McKell building, similar initiatives are being considered for other key tenancies across DFS.

Information and Communications Technology (ICT)

The Procure to Pay Project

The Procure to Pay Project was an initiative within the department to review its procurement processes and implement process improvement which benefitted both suppliers and the department. These initiatives included:

Implementation of Electronic Data Interchange (EDI) for electronic invoice processing

A number of key suppliers to the departments are able to exchange purchase and invoice details with department via EDI. Implementation of EDI was successfully piloted in 2012/12, increasing the speed and efficiency of invoice processing.

Development and deployment of the Government's '30 days to pay' program

The NSW Government launched an initiative to support small business by introducing the '30 days to pay' program. The department took a lead position in developing the systems and processes to communicate this initiative to suppliers, allowing them to register as a small business and entitling them to penalty interest should payments be made late. The solutions developed by the department have been leveraged by other agencies.

Implementation of the Expense Management System

The department worked with NSW Treasury to reduce the processing costs of procurement in the public sector. A key initiative in 2011/12 was the implementation of the expense management system "iCMS" which has improved timeliness and efficiency in credit card acquittals. The system provides the platform for a more extensive deployment of procurement cards in the department.

Information Management

There were a number of important developments in information management during 2011/12.

Document and Records Management

As a result of amalgamations with other agencies, the department has divergent and poorly integrated document and records management systems with differing attributes and capabilities. A project was undertaken to consolidate existing systems to HP TRIM and extend the capabilities to the rest of the department. The standardisation of document management platform and practices as well as extending the use of automated processes has enhanced workflow and approval process.

Information Security

The need to manage restrictions on personal or proprietary information is a key tenet of the department's Information Security Management Framework. The Office of the Chief Information Officer (CIO) undertook extensive work in the development of on-line training in information security and the updating policies to ensure all staff were aware of their obligations and responsibilities around information security.

Integration of NSW Land and Housing Corporation (LAHC) systems

The NSW Land and Housing Corporation became part of the department in April 2011. LAHC receive Information and Communications Technology (ICT) services from BusinessLink, a NSW government shared services provider affiliated with LAHC's predecessor Department of Family and Community Services (FACS). The department integrated the systems of LAHC. The project established a separate SAP instance in BusinessLink to isolate LAHC from FACS and also integrate email services for LAHC with the department.

7. DFS related entities reports and other reporting requirements

Annual reports for related entities and other reporting requirements are included in this section:

7.1	State Contracts Control Board Report	49
7.2	Waste Assets Management Corporation Annual Report	55
7.3	NSW Government Telecommunications Authority (Telco) Annual Report	62
7.4	Australian Centre for Advanced Computing and Communication Pty Ltd (ac3) Annual Report	65
7.5	NSW Land and Housing Corporation Annual Report	67
7.6	Report of the Valuer-General	149
7.7	Surveyor-General's Report	155
7.8	Registrar-General's Report	156
7.9	Geographical Names Board of NSW Report	157

7.1 State Contracts Control Board Report

Legislation

The State Contracts Control Board was established under section 135 of the *Public Sector Employment and Management Act 2002*. Section 136 of the Act provided that the board has the functions conferred on it by the Act and the regulations made under the Act. The *Public Sector Employment and Management (Goods and Services) Regulation 2010* specified the board's functions. Clause 7 and 8 of the Regulation provided that the board is solely responsible for arranging the supply of goods and services necessary for the operation of the public sector service. The board was also responsible for the disposal of any goods by the public sector service that are either unserviceable or no longer required.

Section 142 of the Act specified that the board must, on or before 31 October in each year, prepare and present to the Minister a report of its work and activities for the year ending on the preceding 30 June. The report may be included in any annual report of the department for which the Minister is responsible.

The board, which started in 1923, ceased on 1 July 2012, with the commencement of amendments to the Act. The board is replaced by the NSW Procurement Board.

Membership

Over the reporting period, the board members were:

- Dr Kerry Schott (Chairperson until 1 February 2012)
- Mr Michael Coutts-Trotter, Director-General, Department of Finance and Services (Member until 1 February 2012, Chairperson thereafter)
- Ms Sally Barnes, Chief Executive, Office of Environment and Heritage
- Mr Stephen Brady, Deputy Secretary, The Treasury (2 November 2011 - 21 February 2012)
- Mr Barry Buffier, Chair and Chief Executive, Environment Protection Authority
- Ms Dianne Leeson, Assistant Director, Department of Premier and Cabinet

Meetings

The board scheduled eleven meetings per year, and in 2011/12 the board held eleven meetings. The board also considered matters out-of-session.

Administration

The board's administrative support and its costs were met by Department of Finance and Services.

Activities

Since its restructure in 2009, the board, in addition to fulfilling its administrative functions in government contracting, took a lead role in reforming government procurement of goods and service. The Board's State Contracts Control Board Business Plan 2010–2013 was the primary driver in this broader and more strategic role.

The board was pro-active in promoting better procurement across government. In April 2011, the Minister initiated the comprehensive review of the government's procurement of goods and services, including assessing the legislative and administrative arrangements for delivering procurement services. That review led to the release of the NSW Procurement Discussion Paper (January 2012), which outlined the government proposals for:

- New government procurement framework
- New means sourcing government goods and services
- New government contracts
- Better means of supporting small and medium enterprises through government procurement.
- Introducing greater innovation in procurement

The board has taken an active role in developing and supporting these activities. Mr Coutts-Trotter was the chairperson and Dr Schott was a member of the government's Procurement Reform Taskforce.

The implementation of the board's revised Agency Accreditation Scheme for Goods and Services Procurement has been a major success, with the following agencies accredited: NSW Procurement, Department of Finance and Services, NSW Ministry of Health and NSW Police Force. The scheme will form an essential element in the government's new procurement structure.

Major activities of the board in 2011/12 included:

- Advice on the abolition of the board's management fee applying its whole-of-government (state) contracts, commencing 1 July 2012
- Monthly overview and advice on the government on its 2011/12 savings target of \$72 million through procurement of goods and services
- Approval of the guidelines and key performance indicators for the board's Agency Accreditation Scheme for Goods and Service and detailed planning and preparation for agency assessments
- Accreditation of the Ministry for Health and NSW Police Force
- Initiatives to respond to the Independent Commission Against Corruption's report, Corruption Risks in NSW Public Sector Procurement: Recommendations to Government
- Response to Audit General's Report on the Prequalification Scheme: Performance and Management Services, September 2011
- Response to the Government Telecommunications Review, which principally examined potential savings through the board's government telecommunications agreements
- Implementation of procurement aspects of the government's Local Schools Local Decisions policy
- Amendments to the board's Prequalification Scheme: Performance & Management Services
- Management and approval of the board's Data Centre Agreement for the Lease and Services Deed (Arrangement) with Metronode (NSW) Pty Ltd
- Approval to conversion of Contract 2020 ICT Services to a prequalification scheme
- Advice on and approval of revised standard contract provisions for non-ICT goods and services
- Implementation of Contract 777 Retail Electricity Services And Risk Management Large Sites

Contracts awarded in 2011/12

In 2011/12, the board awarded the following contracts:

- Contract 352, Lubricating Oils and Greases
- Contract 409, Removal of Household Effects
- Contract 700720, Insurance, Liability and Advice Services of Construction Works for NSW Government Projects
- Additional intake of 18 products under Contract 1006 Workplace Supplies (Lot 8 - Office Furniture)
- Contract 292, Supply of Fire Fighting Equipment (C2921, 2922, 2923) excluding foam
- Additional intake of products for Contract 801, Food Services
- Contract 2390, Supply of Imaging Devices – Hardware
- Provision of data centre facility

Board contracts

In addition, the board's operating arm, NSW Procurement, Department of Finance and Services, assisted other government agencies with the awarding of these agency-specific board contracts or request for quotation (RFQ).

- Contract 7162, Airborne Remote Sensing System for Fire and Natural Disaster Mapping
- Contract 1100183, Manufacture, Supply and Laundering of Personal Protective Clothing
- Provision of Press Clip Services to NSW Government Departments, NSW Agencies and Third Parties
- Appointment of Registry Operator for the Application for and Operation of Multiple Generic Top Level Domains
- Contract 801995b, eProcurement Content Management Tool for smartbuy® Optimisation
- Contract 600880, Street Sweeping for Royal Botanic Gardens
- Contract 7115, Provision of General Consumable Stores for Fire and Rescue NSW
- Contract 801995a, Electronic Transaction Messaging Hub for smartbuy® Optimisation
- Contract 1000761, Drug and Alcohol Testing Services
- RFQ for Waste Removal Services for Royal Botanic Gardens, under State Contract 9698- Integrated Waste Management
- Contract 1102253, Printing of Local Government Ballot Papers
- Contract 1002676, Supply of Waste Audit Services
- Contract 0902207 Personal Protective Equipment for Fire and Rescue NSW (Boots Only)

Expenditure through state contracts

In 2011/12, expenditure by government agencies and other eligible customers through whole of government state contracts totalled \$3.87 billion. The table below sets out the expenditure through board contracts over the last six years:

Year	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Spend (\$B)	3,603	3,640	3,578	3,676	3,726	3,873

The top fifteen state contracts in terms of expenditure sum up to \$3.04 billion in 2011/12 representing 78.9% of the total expenditure of \$3.873 billion. The fifteen contracts are set out in the table below.

Rank	Contract No.	Contract Name	Expenditure (\$)
1	100	Contingent Workforce	492,252,434
2	653	Acquisition of Motor Vehicles	479,912,640
3	2360	Government Telecommunication Agreements	372,201,652
4	FM	Facilities Management Contract (Combined)	334,890,782
5	777	Retail Supply of Electricity	242,872,882
6	370	Card Fuel & Associated Services	235,032,737
7	2020	ICT Services Approved Supplier Panel	142,252,622
8	366	Fuel and Associated Products	127,646,094
9	902	Pharmaceuticals	127,175,400
10	1006	Workplace Supplies (Lot 1-9)	109,340,609
11	2007	PCs, Notebooks, Servers & Associated Services	92,072,068
12	1008	Travel Management	89,464,565
13	801	Food Services	87,533,525
14	776	Electricity - Small Sites	57,335,023
15	956	Electromedical Equipment & Accessories	50,288,162
Total			3,040,271,195

Complaints

The board dealt with complaints about NSW Government tenders and contracts. The board chairperson investigated complaints to determine whether processes were appropriate and in accordance with NSW government procurement policies and procedures and contract conditions.

During 2011/12, the board chairperson received one complaint in relation to the procurement within the Government. The complaint was investigated.

Statutory reporting requirements

The board has a statutory requirement to report:

- Details of investigations relating to competitive neutrality tendering complaints referred to it by the relevant minister
- Details of any directions given to the board by the Minister.

There are no matters to report in regard to these two areas.

Former State Contracts Control Board contracts

A reference in or in relation to a contract or agreement entered into by the State Contracts Control Board is to be read as a reference to the Director-General of the Department of Finance and Services, subject to the regulations.

Information

For information about any remaining State Contracts Control Board matters, please contact:

NSW Procurement Board

Level 16

McKell Building

2-24 Rawson Place

Sydney NSW 2000

Tel: (02) 9372 8840

Fax: (02) 9372 7533

7.2 Waste Assets Management Corporation Annual Report



The Hon Greg Pearce MLC
Minister for Finance and Services
Minister for the Illawarra
Level 36
Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Mr Mike Baird, MP
Treasurer
Level 36
Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Ministers

I am pleased to submit the annual report for the Waste Assets Management Corporation for the year ended 30 June 2012 for presentation to Parliament. This report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984*, the *Public Finance and Audit Act 1983* and the regulations under those Acts.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Phil Carbins'.

Phil Carbins
Chief Executive
Waste Assets Management Corporation

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Waste Assets Management Corporation

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

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

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

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

Operations

As part of the sale of the Waste Recycling and Processing Corporation trading as WSN Environmental Solutions (WSN) to the private sector (SITA Environmental Solutions), various existing assets, rights and liabilities of the former WSN were vested in WAMC effective from 31 January 2011. Under those arrangements, WAMC took ownership of certain of WSN's landfills and other sites, plant and equipment located at those sites, and, in some cases, contractual obligations and liabilities associated with those sites.

WAMC operates in accordance with the following objectives:

- Maximise efficiency of land filling operations and other commercial activities
- Maintain strong, stable and transparent relationships with stakeholders
- Adopt a commercial approach to financial and operational arrangements
- Ensure sound environmental practices and improved environmental outcomes are achieved at its sites

The sites transferred to WAMC are landfills, which are either closed or near to closure, have the potential for significant environmental issues, or are committed to future public use.

WAMC provides specialised operational management in the following areas:

- Operating and then managing the post-closure rehabilitation and future maintenance of two open landfill sites at Belrose and Eastern Creek 2
- Managing the rehabilitation and future maintenance of seven closed landfill sites at Thornleigh, Merrylands, Grange Avenue, Eastern Creek 1, Castlereagh, Harrington Quarry and Lucas Heights 1

- Monitoring and managing facilities for the treatment of leachate at both the open and closed landfill sites
- Managing joint venture landfill gas and energy systems to supply electricity into the grid as a sustainable and renewable energy source

WAMC received 568,000 tonnes of solid waste materials at its operating landfills during the reporting period, which was 36% above the forecast volume of 417,000 tonnes.

Administration

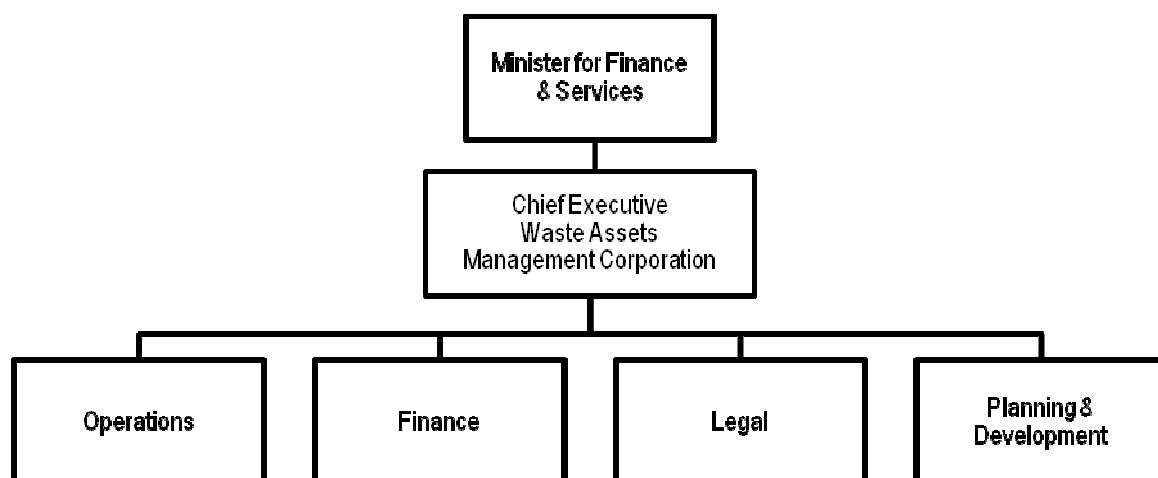
The Department of Finance and Services provides administrative support to WAMC. This support includes annual reporting requirements in relation to human resources, finance and risk management which are covered by the Department of Finance and Services' report.

WAMC's *Government Information (Public Access) Act 2009* and *Privacy and Personal Information Protection Act 1998* statistical information for 2011/12 is included in at the end of this report.

At 30 June 2012, 39 Department of Finance and Services staff were allocated to WAMC including personnel with expertise in landfill, technical, environmental, planning, construction, financial and contract management.

Key personnel include: Chief Executive, General Manager Operations, Finance Manager, Legal Advisor, Planning and Development Manager, Technical Manager, Environment & OHS Manager and Landfill Manager.

Organisation chart – 30 June 2012



Financial management

WAMC operates via a cash neutral cost recovery model and is not intended to make material profits nor return dividends to the Government. WAMC's sources of revenue are through its operational landfill activities and gas to energy sales. Rehabilitation of closed landfills is funded through the WAMC Landfill Rehabilitation Fund, as established under section 7 of the Act. During the year to June 2012, WAMC's rehabilitation liabilities were reassessed to take into account recent falls in long term interest rates, regulatory changes and levels of future rehabilitation activities. WAMC financial statements, including its rehabilitation liabilities, for 2011/12 are included in the financial statements section of the Department of Finance and Services annual report.

Environment and safety

WAMC holds third party certifications for compliance with ISO 14001:2004 (Environment) and AS/NZS 4801:2001 (Occupational Health and Safety) management systems. This accreditation supports WAMC's objective of ensuring sound environmental practices and improved environmental outcomes for the business and the community.

Renewable energy

WAMC's landfill sites generated 96,000 megawatt hours of renewable energy by capturing landfill gas emissions and converting the methane into green electricity resulting in the avoidance of 439,000 tonnes of carbon dioxide being emitted into the atmosphere.

Risk management

Internal Audit and Risk Management Statement for the 2011/12 Financial Year for the Waste Assets Management Corporation

I, Phil Carbins, Chief Executive of the Waste Assets Management Corporation, am of the opinion that the Waste Assets Management Corporation has internal audit and risk management processes in operation that are, in all material respects, compliant with the core requirements set out in the *Public Finance and Audit Act* (where relevant) and/or Treasury Circular NSW TC 09/08 Internal Audit and Risk Management Policy.

For the period from 1 July 2011 until 28 February 2012, the Waste Assets Management Corporation was subject to oversight by the Audit and Risk Committee of the Department of Finance & Services. The chair and members are:

- Mr Peter Whitehead, Independent Chair (period of appointment from 1 July 2011 to 13 October 2011)
- Ms Carolyn Burlew, Independent Member (period of appointment from 1 July 2011 – to 31 August 2011). Ms Burlew was appointed Independent Chair (period of appointment from 14 October 2011 to 14 October 2015)
- Dr Gul Izmir, Independent Member (period of appointment from 1 July 2011 to 24 April 2012)
- Ms Anne Skewes, Non-Independent Member (period of appointment from 1 July 2011 to 27 July 2011)
- Mr Michael Silk, Non-Independent Member (period of appointment from 1 July 2011 to 27 July 2011)
- Mr Ralph Kelly, Independent Member (period of appointment from 1 September 2011 to 1 September 2014)
- Mr Jim Mitchell, Independent Member (period of appointment from 13 October 2011 to 13 October 2013)
- Ms Elizabeth Crouch, Independent Member (period of appointment from 13 October 2011 to 13 October 2014)

Since 1 March 2012, the Waste Assets Management Corporation has been subject to oversight by the State Property Authority Audit and Risk Committee. I, Phil Carbins, am of the opinion that the Audit and Risk Committee for the State Property Authority is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The chair and members of the Audit and Risk Committee are:

- Mr Jon Isaacs, Independent Chair (period of appointment 31 October 2011 to 31 October 2015)

- Mr Ken Barker, Independent Member (period of appointment 31 October 2011 to 31 October 2014)
- Ms Cristina Cifuentes, Independent Member (period of appointment 30 January 2012 to 30 January 2015).

These processes provide a level of assurance that enables the senior management of the Waste Assets Management Corporation to understand, manage and satisfactorily control risk exposures.

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



Phil Carbins
Chief Executive
Waste Assets Management Corporation

Government Information (Public Access)

Table A: Number of applications by type of applicant and outcome¹

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	2
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	0	0	0	0	0	0	0	0
Members of the public (other)	0	0	0	0	0	0	0	0

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

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

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications ¹	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	0	0	0	0	0	0	0	2
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

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

Table C: Invalid applications

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

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

	Number of times consideration used ¹
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

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

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

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

Table F: Timeliness

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

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

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

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

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

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

Office Address

Waste Assets Management Corporation
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7.3 NSW Government Telecommunications Authority (Telco) Annual Report

The New South Wales Government Telecommunications Authority (Authority) is constituted by section 29 of the *NSW Government Telecommunications Act 1991* (the Act). In November 2010, following a review conducted by the Department of Premier and Cabinet, 'Premier's Memorandum M2010-16 Government Mobile Radio Services' was issued and assigned new functions to the Authority. These functions relate to improved levels of service delivery for government mobile radio users through a more integrated and more cost efficient delivery of mobile radio infrastructure and services.

The Telco Authority Board

The Telco Authority will be governed by a board of part-time members (called the Telco Authority Board). The roles of the board and control aspects are spelled out in the Act at Part 3 Division 2. The process of constituting the board was undertaken during the 2011/2012 financial year, with the board meeting for the first time in late July 2012.

The board of the Telco Authority is established under the Act to:

- Determine the policies and long term strategic plans of the Authority

- Oversee the effective, efficient and economical management of the Authority
- Advise the Minister (at the request of the Minister or on its own initiative) on any matter relating to the telecommunication requirements of the Government of the State or on the commercial advantages available to the Government of the State with respect to telecommunications

In accordance with the Act and to ensure broad representation of key stakeholders, the board is to be comprised of members nominated as follows.

- Mr Rod Gilmour, Chairperson, nominated by the Minister for Finance and Services
- Vacant – Deputy Chairperson, nominated by the Minister for Finance and Services in concert with the Minister for Police and Emergency Services
- Mr Matt Roberts, nominated by the Treasurer
- Rural Fire Service Commissioner Shane Fitzsimmons, nominated by the Minister for Finance and Services in concert with the Minister for Police and Emergency Services
- Mr Alan Lipman, nominated by the Minister for Resources and Energy in concert with the Minister for Health
- Mr Gavin Campbell, nominated by the Minister for Transport
- Mr David Abrahams, nominated by the Minister for Resources and Energy
- Vacant – Member, being an independent expert, nominated by the Premier

The affairs of the Telco Authority were managed by an Acting Managing Director, Mr Michael Coutts-Trotter, Director-General, Department of Finance and Services.

Administration

During the reporting period, the Authority operated as a separate business unit within the Department of Finance and Services. With the establishment of the board and appropriate governance arrangements, the Authority will be transitioned to a standalone Statutory Authority within the Department of Finance and Services cluster.

Report on operations

IPART Review into Pricing NSW Government Radio Services

Following a decision by the Government to transition to full cost recovery pricing for access to the Government Radio Network (GRN) from 1 January 2011, NSW Treasury determined interim prices based on an estimate of the number of handsets registered on the Government Radio Network on 1 April 2011.

At the same time, the Independent Pricing and Regulatory Tribunal (IPART) was requested to conduct a review of pricing for shared mobile radio services with a view to introducing new tariffs from 1 July 2011. Following consideration of IPART's final recommendations and report in December 2011, the NSW Government affirmed the full cost recovery pricing principle and determined that interim pricing would continue until 31 December 2011, with a new pricing framework commencing from 1 January 2012.

Based on IPART's recommendations, this framework applies full cost recovery principles for providing services to GRN users, and is designed to be equitable and simple to implement. The pricing structure acknowledges the requirements of current core network users (Fire and Rescue NSW, the NSW Rural Fire Service, the NSW State Emergency Service, and the Ambulance Service of NSW) which drive the design, coverage and capacity of the network, and aligns these requirements with the cost-base for providing the network.

Vesting of assets and audit of infrastructure

The Act provides for the vesting in the Authority of the telecommunications assets from other government agencies. The Authority has been undertaking an audit of all government radio related assets in conjunction with stakeholders. To date no assets have been vested in the Authority.

The Telco Authority has been funded to carry out an audit of radio infrastructure in NSW in order to identify duplication and opportunities for consolidation. The bulk of the review was undertaken in the reporting period, with completion expected at the end of August 2012. One of the outcomes of the audit will be a strategic site assessment that will provide a basis for all NSW Government agencies to develop a priority site plan for construction and upgrade works.

During the reporting period, the Authority was the majority shareholder in the Australian Centre for Advanced Computing and Communication (ac3), holding 57% of the shares in the company on behalf of the NSW Government. These shares were transferred to the Department of Finance and Services on 29 June 2012.

Reallocation of 400MHz spectrum

In 2010, the Federal Government spectrum regulator, the Australian Communications and Media Authority (ACMA) announced changes to the 400MHz radio frequency band. Telco received federal funding to implement these changes and, in the reporting year, commenced a project to develop a national band plan for government spectrum in the 400 MHz band.

Government Radio Network (GRN) Services Agreement Tender

An external provider is contracted to manage the radio telecommunications network owned by the NSW Telco Authority. The contract for provision of these services is due for renewal and a tender was put to the market, closing in mid 2012. A rigorous process was put in place to assess the tenders received. It is anticipated that the successful tenderer will commence management of the network in early 2013.

Emergency operations

NSW Telco Authority has functional oversight to coordinate responses to significant telecommunication issues which occur during emergencies and in major incidents which impact on community safety.

During the reporting year the following operations required significant communications support.

- July 2011, Blue Mountains and Southern Highlands – Severe Storms
- November 2011, Narromine – Community telecommunications Isolation
- November 2011, Moree and Narrabri Areas – Flooding
- December 2011, Weilmoringle – Flooding
- February 2012, Walgett Area – Flooding
- February 2012, Wagga Wagga – Flooding
- March 2012, Griffith Area – Flooding
- March 2012, Sydney Metropolitan Area – Flooding
- March 2012, Hay – Flooding

The Authority also assisted in the provision of communications to Disaster Recovery Centres at Moree (February 2012), Griffith (March 2012) and Wagga Wagga (March 2012).

Future focus

The NSW Telco Board met for the first time on 31 July 2012. In addition to familiarising themselves with the role and functions of the Telco Authority, the Board has identified a number of priorities to focus on, which include:

- Developing a strategic corporate plan for the Authority
- Considering the many important issues relating to spectrum allocation for government agencies
- Introduction of a risk management strategy
- Completion of the state-wide audit of telecommunications assets, and advancing reforms to site licences to enable greater access and sharing of telecommunications infrastructure sites.

7.4 Australian Centre for Advanced Computing and Communication Pty Ltd (ac3) Annual Report

The mission of Australian Centre for Advanced Computing and Communication (ac3) is to provide managed information technology services for the information and communications technology (ICT) needs of NSW Government agencies and commercial organisations.

The function of ac3 is to provide:

- Secure data centre facilities, located at the Australian Technology Park in Eveleigh, and at Global Switch in Ultimo
- Competitive services for use by commercial clients, including government agencies, for the hosting and management of computing and network equipment
- High-speed communications to the Internet and access to the NSW Government's private network
- Infrastructure as a service to NSW government agencies

Structure of ac3

ac3 was registered as a proprietary company limited by shares under the *Corporations Act 2001 (Cth)* on 10 November 2000.

The NSW Government acquired all the university shares of ac3 and currently holds 100% of the shares in the company.

ac3 has its own staff and reported to a board of seven directors prior to 29 June 2012. On 29 June 2012, a new board was established with four directors: Neville Robert Stevens (Chair), Anne Skewes, Sajeev George and Anthony Lean.

ac3 directors' report

Review of operations

2011/12 saw the company record another profit. Total income was \$15 million, a decrease of approximately \$2 million over 2010/11.

The NSW Government continues to be the company's largest client, representing 80% of revenue. Contractual arrangements are in place with 48 entities. Private sector revenue was \$3 million from 40 clients, representing 20% of turnover.

The number of staff employed at 30 June 2012 was 45. Staff costs represent \$5.5 million, or 36% of all expenses.

ac3 employees are not 'public officials' for the purposes of the *Public Interest Disclosures Act 1994*.

Future developments and results

At the date of this report, there are no future developments that the directors are aware of that could affect the future operations of the company.

Significant events after balance date

There were no significant events occurring after balance date.

Meetings of directors

The following table sets out the numbers of meetings of the company's directors under the previous board held during the year ended 30 June 2012, and the number of meetings attended by each director.

	A	B	C	D
Neville Robert Stevens (Chair)	4	4	7	7
Ms Anne Skewes	4	4	7	2
Professor Masud Behnia	4	4	0	0
Ms Rachel Frances Dixon	4	3	7	7
Professor Timothy Robert Marchant	4	4	0	0
Professor Elizabeth Agnes More	4	4	0	0
Mr Robert Charles Wheeler	4	4	0	0

A. Directors meetings held whilst a director.

B. Directors meetings attended.

C. Audit and Finance meetings held whilst a director.

D. Audit and Finance meetings attended.

7.5 NSW Land and Housing Corporation Annual Report



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The Hon Greg Pearce MLC
Minister for Finance and Services
Minister for the Illawarra
Parliament House
Macquarie St
SYDNEY NSW 2000

31 October 2012

Dear Minister

I am pleased to submit the NSW Land and Housing Corporation Annual Report for the year ended 30 June 2012 for presentation to Parliament.

The corporation is a statutory body listed under section schedule 2 of the *Public Finance and Audit Act 1986*.

This Annual Report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984* and the *Public Finance and Audit Act 1983*.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M. Coutts-Trotter'.

Michael Coutts-Trotter
Director General
Department of Finance and Services

NSW Land and Housing Corporation Annual Report

Contents

Executive Director's message	69
About NSW Land and Housing Corporation	70
Who we are	70
Our objectives	70
What we do	70
Our clients and other stakeholders	70
Highlights of the year	71
Our performance	72
The outlook for 2012/13	75
Case studies	75
Award-winning housing renewal at Bonnyrigg	75
Emphasis on the environment	76
People and organisation	76
Organisational change	76
Equity and diversity	77
Employment relations policies and practices	77
Corporate governance	79
Management and Structure	79
Risk management and insurance	82
Internal Audit and Risk Management Attestation	83
Accessing NSW Land and Housing Corporation information	84
Financial Statements	84
LAHC Appendices	138

Executive Director's message

This is the first annual report of the NSW Land and Housing Corporation (LAHC) following the July 2011 transfer of asset-related social housing functions from the Department of Family and Community Services (DFACS) to the Department of Finance and Services (DFS).

Since then, the prime focus has been on the successful transition of financial and business activities to the LAHC by March 2012 and the transfer of some 700 staff to DFS for the provision of personnel services to the LAHC. In charting the future, LAHC finalised administrative changes and strengthened our working arrangements with Department of Family and Community Services–Housing (DFACS–Housing). LAHC developed a funding agreement and working protocols with DFACS–Housing for 2012/13 to support agreed standards of client service.

To determine priorities for managing LAHC's extensive property portfolio, a survey will be conducted to assess the condition of the portfolio and plan future repair and maintenance work. Over the year, LAHC spent over \$369 million on repairs, planned maintenance and upgrading to ensure acceptable living standards for current and future tenants. Work included:

- Servicing and testing of smoke alarms (approx 150,000 smoke alarms state wide)
- Internal painting of 2,086 properties at a cost of \$5.8 million
- External painting of 2,331 properties at a cost of \$6.6 million
- Replacement of 1,520 kitchens at a cost of \$11.5 million
- Replacement of 6,910 hot water services at a cost of \$12.7 million

LAHC constructed new dwellings and undertook significant housing projects to assist vulnerable families and individuals across NSW. Among those projects was the \$28 million Camperdown development which delivered 88 units for homeless people and 16 units of affordable housing. In total the LAHC built 1,614 dwellings in 2011/12, including 695 under the Australian Government's Nation Building Economic Stimulus Plan. Construction of a further 230 dwellings has commenced.

LAHC faces major challenges in the coming years, particularly securing long-term funding for public housing and devising a practical strategy for social housing estates, on which around one third of NSW social housing (over of 52,000 dwellings) is located. Revitalisation is essential as a number of estates have become areas of entrenched social disadvantage in the decades since their establishment. Our challenge is to plan for tenants with complex needs, of which housing is just one, while creating mixed housing developments that will attract private buyers. To this end we are developing an estates strategy to analyse the cost effectiveness of different interventions and enable us to derive maximum benefit from available resources.

To meet the priorities identified for the next four years, the LAHC has developed a business plan and is putting a new organisational structure in place.

2011/12 was a year of managing organisational change while planning for the future, both of which we accomplished. LAHC staff have worked hard through the transition period from which LAHC has emerged with the skills, strategies and systems to take on the challenges outlined above.



Ken Kanofski
Executive Director
Housing and Property Group

About NSW Land and Housing Corporation

Who we are

A statutory body, the LAHC is one of four entities that make up the Housing and Property Group, a division of DFS. This report, the first under the current administrative arrangements, therefore aligns with the DFS' reporting framework.

The LAHC was established in 2001 under the *Housing Act 2001* to complement DFACS–Housing and achieve unified administration of the Act.

In 2011/12 an administrative restructure split the functions previously undertaken jointly by the LAHC and DFACS–Housing, with staff responsible for asset management functions transferring on 1 July 2011 from DFACS to DFS¹. Additionally, functions previously undertaken by the LAHC were reallocated to DFACS to enable it to concentrate on supporting low income private renters and implementing homelessness, home ownership and specialist support programs.

The LAHC owns and manages the NSW Government's social housing² portfolio of some 146,000 dwellings. This portfolio has a value of \$31.6 billion.

. The changes were effected through the *Public Sector Employment and Management (Departments) Order 2011* and the *Public Sector Employment and Management (Departments and Ministers) Amendment Order 2011*. 2. Social housing refers to the properties owned by the LAHC for the provision of public and community housing.

Our objectives

LAHC's primary role is to provide houses for people who cannot meet their own housing needs.

In doing so, we aim to:

- Have safe workplaces and sites
- Become a financially sustainable business
- Be valued by our stakeholders
- Develop the culture, capabilities and systems to deliver our role successfully
- Have a housing portfolio strategy
- Contribute to whole of government reform initiatives

What we do

LAHC's role is essentially threefold: planning and building housing that is fit for purpose; managing our housing portfolio to maintain properties at an acceptable level and prolong their useful life; and funding and managing tenancy management services delivered by DFACS–Housing.

To build new social housing and plan new projects either in house or with private partners selected for their capability and experience. Often this involves unlocking the development potential of our land.

In managing existing portfolio assets, LAHC arrange maintenance and repairs with multi-trade contractors across the state.

LAHC fund DFACS–Housing to provide tenancy management services under an agreed policy framework with DFACS.

Our clients and other stakeholders

LAHC clients are the people who live in social housing, with a growing number having complex needs, such as older people, people with a disability, Aboriginal people and people with mental health issues.

LAHC recognise that, in planning and managing social housing, LAHC must work cooperatively in conjunction with other government agencies and community organisations.

Highlights of the year

In 2011/12:

- Provided housing for more than 227,000 public housing tenants
- Delivered 917 new homes under the new supply program for social housing in NSW. Major projects completed were:
 - Telopea: 78x1 bed and 74x2 bed units of social housing at a cost of \$42.6 million
 - Camperdown: 88 studio units for homeless people and 12x1 bed and 4x2 bed units of affordable housing for essential workers (the 'Common Ground' project) at a cost of \$28 million
- Gained planning approval for the Airds Bradbury Concept Plan. Under the plan, a public private partnership will transform a public housing estate characterised by entrenched disadvantage into a sustainable mixed-income community of over 2,000 homes, including 30% social housing
- Continued to deliver on the Bonnyrigg public private partnership, which will provide 2,330 homes (699 social housing and 1,631 private housing). Stage 2 was completed and delivered 38 social and 66 private homes. The project was recognised for innovation, winning the *Best Master Planned Community* category at the 2012 Property Council of Australia Innovation and Excellence Awards
- Provided services to other government agencies including:
 - Delivery of 83 new dwellings and the upgrade of 121 homes for the Aboriginal Housing Office
 - Design of eight Integrated Child and Family Centres for DFACS–Community Services
 - Purchase of 24 properties for the construction of new group homes and design of 38 projects for people with significant disabilities for DFACS–Ageing, Disability and Home Care
- Improved the amenity of thousands of public housing properties, by, for example, replacing 1,520 kitchens, upgrading 531 bathrooms and modifying 2,532 dwellings for people with disabilities
- Commenced the development of a new estates strategy to address concentrated disadvantage on social housing estates over the next 10 years

Our performance

The table below shows LAHC actual performance against 2011/12 targets.

Key performance indicator	Target	Actual
Deliver 'Common Ground' project – 88 studio units for homeless people and 12x1 bed and 4x2 bed units for affordable housing	Dec 2011	Oct 2011
Deliver Remote Indigenous Housing National Partnership, on behalf of the Aboriginal Housing Office	35 dwellings	38 dwellings
Maintenance delivered under the above partnership	\$10.2 million	\$10.2 million
% of responsive repairs completed by the target date and time	>85%	88.2%
Deliver the New Supply capital program of works	1,072	917 ¹
Meet targeted sales in line with strategic framework	\$149 million	\$197 million
Preparation for digital TV aerial installations	40,000 dwellings	40,523 dwellings
Implement actions under the Environmental Sustainability Strategy	20,000 Home Energy Assessments	21,567 Home Energy Assessments
No. of sick days per employee	9 days	6.5 days

1. Completed units under the New Supply capital program of works were 155 units below target. This is mainly due to late receipt of Develop Consent from approving authorities which consequently delayed commencement of projects. Wet weather also contributed to the extension of completion timeframes.

Comparative performance

The following table shows performance in six categories over four years in respect of functions retained by the LAHC following the 2011/12 administrative restructure.

	2008-09	2009-10	2010-11	2011-12
Resources				
Headcount	2,604	2,575	2,485	535 ¹
Customers - Number of tenancies				
Public housing	117,288	114,469	113,023	111,622
Community housing	16,639	18,596	24,298	25,844
Total tenancies	133,927	133,065	137,321	137,466
Number of new tenancies				
Public housing	6,311	6,012	6,111	6,434
Community housing	3,339	4,728	7,860	4,012
Approved applicants on the register	39,484	43,335	46,792	55,479
Assets - Properties under management				
Public housing	124,086	121,662	120,380	119,184
Community housing	16,141	18,910	24,584	25,894
Crisis accommodation	1,511	1,538	1,498	1,498
Total homes under management	141,738	142,110	146,462	146,576
Number of public and community housing properties completed in the year	1,224	1,953	5,165	1,614
People assisted in social housing				
Public housing	245,800	240,800	232,600	227,100
Crisis accommodation	40,800	41,000	37,200	39,400
Community housing	41,800	44,500	48,680	49,775
Total	328,400	326,300	318,480	316,275
Finances				
Net rental income and tenancy charges (\$M)	688	694	699	727
Government grants (\$M)	890	1,923	941	206 ²
Maintenance and upgrading expenditure (\$M)	420	565	476	369
Property asset value (\$M)	27,937	31,929	30,926	32,057

1. The movement in employee numbers reflect the effect of staff number reduction for the LAHC, effective from 1 July 2011 when functions previously undertaken by the LAHC were split between the LAHC and DFACS–Housing. 2. Due to the administrative restructure in 2011-12, the Commonwealth and State grants previously received by the LAHC in respect of the National Affordable Housing Agreement (NAHA) were appropriated to DFACS through the annual budget process. For further details, please refer to the Financial Statements - Note 5: Government Grants on page **Error! Bookmark not defined.**

Financial Summary

The financial result for 2011/12 reflects the impact of the administrative restructure that split functions previously undertaken jointly by the LAHC and DFACS-Housing between the LAHC and DFACS-Housing.

Revenue	Actual 2010-11 \$'000	Actual 2011-12 \$'000	Budget 2012-13 \$'000
Net rent and other tenant charges	699,016	727,059	732,550
Government grants	955,486	205,719	155,463
Interest received	24,840	7,843	6,266
Other revenue	91,239	61,841	42,233
Total revenue	1,770,581	1,002,462	936,512
Expenses			
Repairs and maintenance	202,292	221,158	207,378
Council and water rates	196,614	201,115	198,487
Personnel services expenses	234,708	51,335	54,397
Depreciation and amortisation	323,675	296,347	270,566
Grants and subsidies	1,275,159	33,959	1,040,777
Other expenses	201,268	300,002	321,818
Total expenses	2,433,716	1,103,916	2,093,423
Surplus/(deficit) after rental subsidies	(663,135)	(101,454)	(1,156,911)
Cash balance	190,690	29,875	16,921

The major sources of funds for the LAHC are rental income and government grants received mainly from DFACS. The DFACS grants are applied to programs such as head leasing, repairs and maintenance and capital works.

The 2011/12 administrative restructure had the following impact on financial results:

- **Decrease in government grants received**
From 1 July 2011, the Commonwealth and State grants in respect of the National Affordable Housing Agreement (NAHA) were appropriated to DFACS through the annual budget process.
- **Decrease in personnel service expenses**
From 1 July 2011, approximately 700 staff employed by DFACS were transferred to DFS in order to provide personnel services to the LAHC and support delivery of the functions allocated to DFS. The majority of staff were retained by DFACS to support functions allocated to DFACS-Housing.
- **Decrease in grants and subsidies**
From 1 July 2011, a number of grant programs were transferred to DFACS-Housing. These programs supported community groups, low income private renters and those requiring temporary and crisis accommodation.

The 2012/13 budget reflects the current expectation that further properties will be vested to eligible community housing providers in 2012/13.

- Decrease in cash balance
\$61.38 million was transferred to DFACS-Housing to assist in funding functions transferred from 1 July 2011.

The outlook for 2012/13

Maintaining and building houses for disadvantaged people under a sustainable business model is the key challenge for the LAHC.

In meeting the challenge and forging a new future for public and community housing LAHC will be guided by the new business plan which aligns with the strategic directions of DFS. The plan objectives are listed earlier on page 70.

Under the plan, we have 11 strategies to meet these objectives. They are to:

- Develop safety management systems and processes
- Develop systems and processes to manage business performance and risk
- Make structural, policy, business improvement and funding model changes to our business model to achieve financial sustainability
- Develop a new model for maintenance and procure the new maintenance contract
- Procure Airds Bradbury public private partnership renewal project
- Agree and implement the governance arrangements with DFACS–Housing
- Develop and implement a capability development strategy and supporting culture that will support the delivery of our role
- Develop and deliver an internal and external communication and engagement strategy for staff and stakeholders
- Develop and deliver the portfolio strategy, which includes strategies for estates, renewal, sales, maintenance, transfers and new supply
- Implement the estates strategy
- Deliver corporate services reform and achieve whole-of-government savings commitments

Case studies

Award-winning housing renewal at Bonnyrigg

While still in progress, renewal of the Bonnyrigg social housing estate has already proved an award winner for project managers Newleaf Communities. The partnership, which comprises Becton Property Group, Westpac, St George Community Housing and the Spotless Group, recently won the Best Master Planned Community at the 2012 Property Council of Australia Innovation and Excellence Awards.

The award, one of several the \$733 million Bonnyrigg redevelopment has won to date, illustrates just how far this project has come since 2004 when DFACS–Housing and Fairfield City Council began consultations with residents. Eventually it will see the replacement of 833 social housing dwellings in poor repair with 2,330 new homes. Of these, 699 will be social housing while 1,631 homes will be sold to private buyers. Purchase of dwellings off-site will ensure the stock of social houses is maintained.

Newleaf Communities is responsible for the finance, design and construction of all the new homes on the estate while St George Community Housing, its specialist housing management team, handles tenancy management. Although tenants will enjoy a higher standard of accommodation, their rights and responsibilities will remain unchanged.

So far Stages 1 and 2 of the renewal project have been completed, resulting in 77 social and 133 private dwellings along with a new park, sporting facilities and local roads. Prices for the private homes have ranged from \$330,000 to \$535,000. Buyer response has been such that all private dwellings to be completed in Stage 3 and 40 per cent of those to be completed for Stage 4 have been pre-sold.

These early results show how well mixed social and private housing developments can succeed.

Emphasis on the environment

Environmental sustainability is important to the LAHC – both in our internal operations and management of our housing portfolio. Current environmental programs focus on improving the energy and water efficiency of new and existing homes as well as assisting social housing residents to participate in sustainability initiatives.

Following is a snapshot of some of our achievements in 2011/12.

Solar hot water systems

Solar makes sense for the LAHC and its tenants. That's why there is a solar hot water replacement program. Over the year 595 electric hot water systems were replaced with solar hot water systems, saving each household approximately \$193 in annual energy costs.

Ceiling insulation

Ceiling insulation helps tenants save money on their energy bills and make their home feel warmer in winter and cooler in summer. In 2011/12 LAHC retrofitted 457 properties with ceiling insulation. Annual energy savings should be around \$115 per household.

Draught proofing

Sealing gaps around windows and doors reduces air flow and lowers heating and cooling costs for tenants. Under a pilot project, we organised the sealing gaps around windows and installation of draught excluders to external doors in 427 properties in cold climate areas.

Lighting upgrades

LED lighting provides several advantages. It's more energy efficient, better for the environment and requires less maintenance than older lighting technology. The LAHC has upgraded common area lighting in six multi-storey residential buildings with LED lighting. The new lights include motion sensors that automatically dim when no movement is detected, reducing energy consumption by 59 % on average and greenhouse gas emissions by 515 tonnes annually.

Home Power Savings Program

Under the NSW Government's Home Power Savings Program and support from the LAHC, 21,567 social housing households received a free home energy assessment and power savings kit.

Among the tenants participating were Cholladda and her husband Bill. Due to the program they expect to save at least \$129 a year by using free energy saving items and following the advice from an energy expert.

"I joined the program because my electricity bill was becoming very hard to pay," said Cholladda. "After I joined the program my next bill was about 20% less than the one before. It was really good to understand how to save electricity."

People and organisation

Organisational change

2011/12 was a year of major organisational change due to an administrative restructure within the New South Wales public sector. Staff who provided personnel services to the LAHC in 2011/12 were transferred from DFACS to DFS.

Equity and diversity

People with a disability

The LAHC works within the Disability Action Plan of DFS in responding to the needs of people with a disability. It focuses on the following priority areas:

- Increasing employment opportunities for people with a disability
- Providing information in a range of formats and accessible to people with a disability
- Providing specialist and adapted services to meet the needs of people with a disability

We are working towards achieving 1.5% employment of people requiring work-related adjustment across the sector.

Multicultural Policies and Services Program Plan

As staff providing services to the LAHC are employees of DFS, we have adopted DFS' multicultural policies and services program plan. Details of this are available in DFS' annual report.

Similarly, LAHC has adhered to DFS' equity and diversity plans and strategies relating to women and Aboriginal employment. Details of these are also available in DFS' annual report.

Employment relations policies and practices

With the exception of flexible working hours agreement, we have adopted DFS' employment relations policies and practices.

Details of employment statistics appear in this report in Appendix 7.

We implemented monthly reporting to the Executive on a range of key human resource measures.

The LAHC participates in DFS Consultative Committee which meets bi-monthly. The Committee comprises Public Service Association delegates and representatives from DFS' divisions.

Workplace health safety and injury management

The LAHC is committed to ensuring the health, safety and welfare of all staff and workplace visitors, including agency staff, contractors and clients.

The administrative restructure of 2011/12 resulted in the reallocation of some functions previously undertaken by the LAHC to DFACS–Housing. This impacted on the management of work health and safety, which DFACS–Housing had previously managed and reported on. As a result, the LAHC and DFACS–Housing have full responsibility for managing and reporting on work health and safety in their respective workplaces.

There were 34 incidents involving LAHC staff reported in 2011/12, compared to 451 reported incidents in 2010/11 for DFACS–Housing and the LAHC combined. The largest categories of reported incidents (62%) were workplace injuries and other incidents (both physical and psychological).

An interim Work Health and Safety Committee for the LAHC was established and commenced a review to identify areas for improvement. The proposed strategies for 2012/13 are based on the review findings.

Statistics on work health and safety for 2008/09 to 2011/12 appear below.

Workers' compensation claims

	2008-09	2009-10	2010-11	2011-12 ¹
Total number of claims	105	133	91	12
Total number of claims finalised	101	124	59	6
Net claims cost (as at 30 June 2012)	\$472,273	\$396,618	\$481,724	\$29,548

1. The figures reported in this table reflect the effect of staff number reduction for the LAHC, effective from 1 July 2011 when functions previously undertaken by the LAHC were split between the LAHC and DFACS–Housing.

Nature of injuries

Nature of injuries	2008-09		2009-10		2010-11		2011-12 ¹	
	No.	Cost	No.	Cost	No.	Cost	No.	Cost
Sprains/strains	50	\$173,972	67	\$375,521	32	\$80,166	5	\$20,021
Psychological	14	\$378,102	26	\$211,750	25	\$262,700	1	\$0
Laceration	17	\$20,115	16	\$45,350	18	\$60,077	4	\$16,256
Fractures	3	\$61,562	5	\$57,900	2	\$36,105	1	\$8,721
Other	21	\$24,546	19	\$43,849	14	\$48,221	1	\$7,536
Total	105	\$658,297	133	\$734,376	91	\$487,268	12	\$52,534

1. The figures reported in this table reflect the effect of staff number reduction for the LAHC, effective from 1 July 2011 when functions previously undertaken by the LAHC were split between the LAHC and DFACS–Housing.

Cause of injuries

Cause of injuries	2008-09		2009-10		2010-11		2011-12 ¹	
	No.	Cost	No.	Cost	No.	Cost	No.	Cost
Transport	20	\$39,549	31	\$68,915	12	\$8,821	1	\$1,898
Environment	37	\$146,028	39	\$352,258	24	\$129,726	4	\$23,925
Animal	5	\$7,601	1	\$4,007	5	\$30,241	2	\$4,156
Non-physical	16	\$382,041	27	\$212,874	28	\$266,003	0	\$0
Other	27	\$83,077	35	\$96,321	22	\$52,477	5	\$22,555
Total	105	\$472,719	133	\$734,376	91	\$348,722	12	\$52,534

1. The figures reported in this table reflect the effect of staff number reduction for the LAHC, effective from 1 July 2011 when functions previously undertaken by the LAHC were split between the LAHC and DFACS–Housing.

Injury management

	2008-09	2009-10	2010-11	2011-12 ¹
Days compensated	1743.22	1826.65	1498.17	105
Average days lost	16.6	13.73	17.42	8.75

1. The figures reported in this table reflect the effect of staff number reduction for the LAHC, effective from 1 July 2011 when functions previously undertaken by the LAHC were split between the LAHC and DFACS–Housing.

Corporate governance

Management and Structure

NSW Land and Housing Corporation Executive Team

The Executive Team reviews, approves and monitors strategies, policies and performance. It assesses major risks to the business and ensures the LAHC has policies and procedures to satisfy all legal and ethical responsibilities. The Executive Team meets fortnightly.

Audit and Risk Committee

The Audit and Risk Committee oversees and monitors the risk management processes, internal audit and control frameworks of LAHC. It was established following the transition of financials and staff in March 2012. The Committee met in March and June in the reporting period. It comprises:

- Ms Carol Holley, Independent Chair
- Mr Alan Zammit, Independent Member
- Ms Ero Coroneos, Independent Member

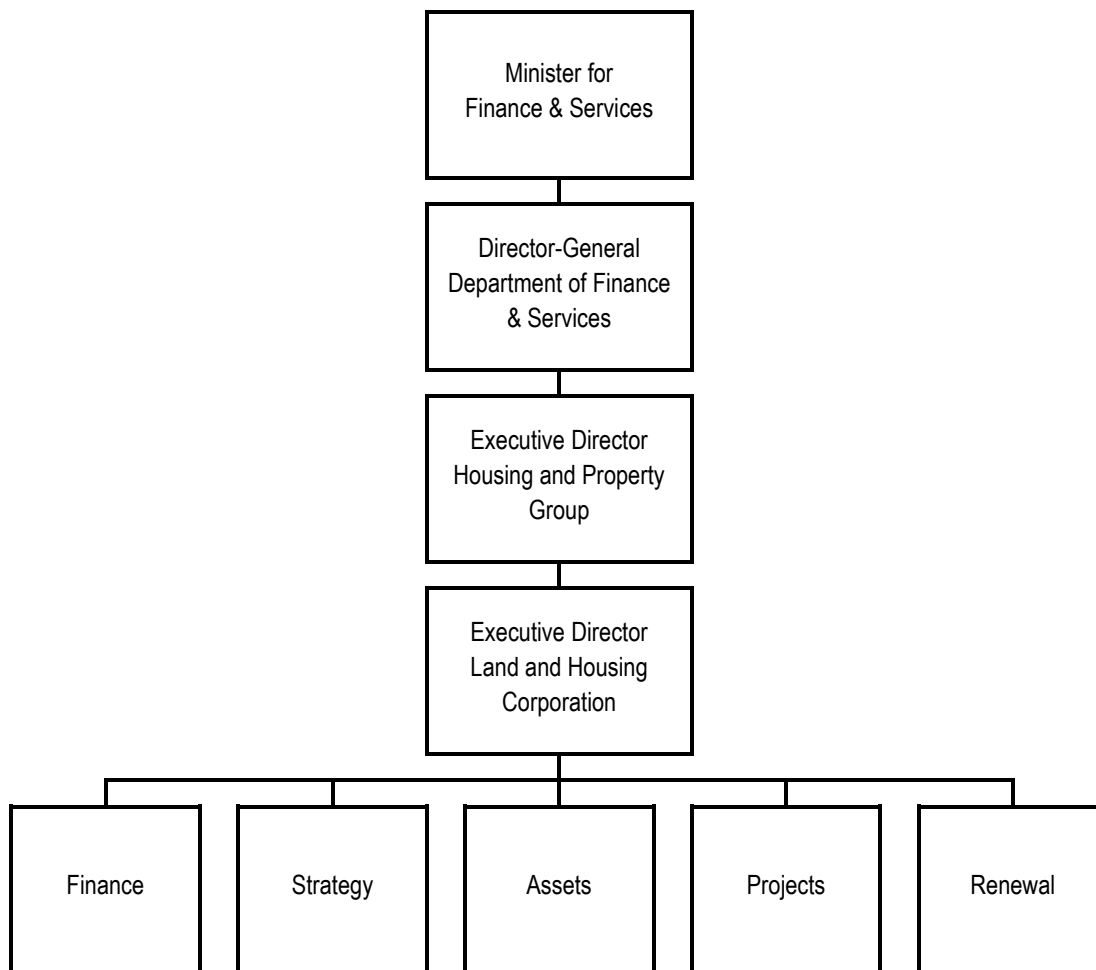
LAHC was subject to oversight by a joint Audit and Risk Committee together with the Aboriginal Housing Office for the period of 1 July to 31 October 2012 and the Audit and Risk Committee of DFS for the period of 1 November to 1 March 2012.

Asset Portfolio and Programs Committee

The Committee meets monthly to oversee implementation of a range of asset programs for which the LAHC and DFACS–Housing have joint responsibility. It considers policy changes that may impact on both organisations and oversees key asset decisions and processes. Established in February 2012, the Committee met five times in 2011/12. The members are:

- Ken Kanofski (Executive Director Housing and Property Group)
- George Carvin (General Manager Assets)
- Kathy Roil (General Manager Strategy)

Organisation Chart



NSW Land and Housing Corporation senior officers and key accountabilities as at 30 June 2012

Ken Kanofski, MBA, BBusiness, CPA, Member of the Australian Institute of Company Directors
Executive Director, Housing and Property Group
SES 5

Ken was appointed Executive Director of the Housing and Property Group in October 2011. He has extensive experience as a CEO, senior executive, consultant and board director.

The Executive Director Housing and Property Group has the following functional responsibilities:

- Directing management of LAHC property assets to optimise the social and economic returns on investment
- Leading the development of the strategic asset framework, plans and budgets to establish priorities for optimising use of property assets, resource allocation and performance
- Identifying and pursuing opportunities for strategic and major projects to realise portfolio alignment and development objectives
- Establishing a portfolio asset performance monitoring framework

Michael Kuenzle, BBusiness, CPA
General Manager Finance
SES 4

Functional responsibility for:

- Business performance and reporting, including performance analysis and reporting against the business plan, management accounting, executive reporting and budgeting and forecasting
- Development of financial modelling frameworks
- Development of financial and taxation policies and procedures in compliance with government and legislative requirements
- Working capital management, including cash flow forecasting, investment and debt management
- Financial accounting and reporting, including monthly financials and year end statutory reporting

Kathy Roil
General Manager Strategy
SES 4

Functional responsibility for:

- Portfolio strategy and performance and developing funding arrangements with DFACS–Housing
- Ongoing evaluation and analysis of the portfolio, including financial and economic evaluation
- Strategic relationships with DFACS, including managing strategic decision-making regarding DFACS–Housing agreement
- Business management support, including business planning leadership for the LAHC
- Development and management of the LAHC's risk management framework and strategy, including work health and safety
- Development of a quality and procurement management framework

George Carvin, MBA
General Manager Assets
SES 4

Functional responsibility for:

- Residential and commercial portfolio management
- Management of the annual capital and maintenance programs
- All assets programs, including alignment of programs to portfolio strategy objectives
- Procurement and management of the maintenance contract
- Delivery of maintenance services
- Operational relationships with DFACS–Housing to deliver tenancy services

General Manager Projects

Vacant

Functional responsibility for:

- Providing specialised project and technical services for housing and accommodation projects
- Delivering design, construction and technical services for the LAHC and other clients
- Managing service delivery of new housing supply, asset upgrades and sales
- Providing capital procurement services for the LAHC including management of tenders, contract negotiation, supplier review and panel management

Mark Shepherd, MBA, BEngineering (Civil)

General Manager Renewal

Contractor

Functional responsibility for:

- Planning, developing and delivering large scale and complex projects which transform communities
- Working with other parts of government to bring an urban renewal focus to projects
- Undertaking complex, large scale procurement, including public private partnerships and projects with alternative sources of funding
- Investigation of opportunities aligned with the portfolio strategy, including program and project analysis and business case development
- Contract management of approved projects

Risk management and insurance

Corporate risk management

LAHC categorises and manages risks as follows:

- strategic risks – wide reaching risks that affect LAHC's ability to provide quality social housing services, are managed by the Executive Committee
- business risks – risks that affect a division's ability to successfully complete their annual business plan initiatives and/or day-to-day operational activities, are managed at divisional level
- project risks – risks to the successful completion of the projects objectives, are managed by project managers

During 2011/12 the LAHC implemented DFS' Corporate Governance Framework, which complies with the requirements of NSW Treasury TPP 09-05 *Internal Audit and Risk Management Policy for the Public Sector*. Details are available in DFS' annual report.

Insurance activities

In 2011/12 the commercial insurance program continued to provide appropriate and cost effective coverage for insurable risk. The total cost of insurance premiums, including all charges and fees, was \$5,807,889. This excludes workers compensation insurance for DFS employees who provide personnel services to the LAHC.

The LAHC is responsible for the first \$5 million of any property loss claim and the first \$250,000 of any public liability claim. Insurance premiums increased by 12% due to an 11% increase in declared asset values (from \$27 billion in 2010/11 to \$30 billion in 2011/12).

Internal Audit and Risk Management Attestation

Internal Audit and Risk Management Statement for the 2011/12 Financial Year for Land and Housing Corporation

I, Michael Coutts-Trotter, Director-General of the Department of Finance and Services on behalf of New South Wales Land and Housing Corporation am of the opinion that the New South Wales Land and Housing Corporation has internal audit and risk management processes in operation that are, in all material respects, compliant with the core requirements set out in the Public Finance and Audit Act (where relevant) and/or Treasury Circular NSW TC 09/08 Internal Audit and Risk Management Policy. These processes provide a level of assurance that enables the senior management of the New South Wales Land and Housing Corporation to understand, manage and satisfactorily control risk exposures.

For the period from 1 July 2011 until 31 October 2011, the New South Wales Land and Housing Corporation was subject to oversight by a joint Audit and Risk Committee with the Aboriginal Housing Office. The Chair and Members are:

- Ms Carol Holley, Independent Chair
(period of appointment from 7 April 2010 to 4 October 2011)
- Mr Peter Housden, Independent Member
(period of appointment from 7 April 2010 to 4 October 2011)
- Mr Peter Lucas, Independent Member
(period of appointment from 7 April 2010 to 4 October 2011)
- Leonie King, Non-Independent Member
(period of appointment from 7 April 2010 to 4 October 2011)
- Ivan Simon, Non-Independent Member
(period of appointment from 7 April 2010 to 4 October 2011)

For the period from 1 November 2011 until 1 March 2012, the New South Wales Land and Housing Corporation was subject to oversight by the Audit and Risk Committee of the Department of Finance & Services. The Chair and Members are:

- Ms Carolyn Burlew, Independent Member was appointed Independent Chair (period of appointment from 14 October 2011 to 14 October 2015)
- Dr Gul Izmir, Independent Member (period of appointment from 1 July 2011 to 24 April 2012)
- Mr Ralph Kelly, Independent Member (period of appointment from 1 September 2011 to 1 September 2014)
- Mr Jim Mitchell, Independent Member (period of appointment from 13 October 2011 to 13 October 2013)
- Ms Elizabeth Crouch, Independent Member (period of appointment from 13 October 2011 to 13 October 2014)

Since 1 March 2012, the Land and Housing Corporation established its own Audit and Risk Committee. I, Michael Coutts-Trotter am of the opinion that the Audit and Risk Committee for the New South Wales Land and Housing Corporation is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are:

- Ms Carol Holley, Independent Chair (period of appointment 31 October 2011 to 31 October 2014)

- Mr Alan Zammit, Independent Member (period of appointment 30 January 2012 to 30 January 2015)
- Ms Ero Coroneos, Independent Member (period of appointment 30 January 2012 to 30 January 2015).

These processes provide a level of assurance that enables the senior management of the Land and Housing Corporation to understand, manage and satisfactorily control risk exposures.

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



Michael Coutts-Trotter
Director-General
Department of Finance & Services

Date: 29/08/2012

Accessing NSW Land and Housing Corporation information

Government Information (Public Access) Act 2009

As a result of the administrative restructure in 2011/12, effective from 1 July 2011, LAHC adopted DFS's Government Information (Public Access) Act policy and procedures.

Statistical information relating to the above Act is disclosed in Appendix 9 of this report.

The policies and publications are available on DFS website, www.services.nsw.gov.au, or by contacting the Right to Information Officers at gipa@services.nsw.gov.au.

Privacy and Personal Information Protection Act 1998

The LAHC maintains privacy management plans in accordance with the *Privacy and Personal Information Protection Act 1998*.

No access applications were received during the year.

As a result of the administrative changes brought by the formation of the LAHC, we will review the Privacy Management Plan to ensure consistency with the structure and functions of DFS.

Financial Statements

New South Wales Land and Housing Corporation (LAHC) is a reporting entity under the Australian Accounting Standards, and includes all operating activities under its control.

The LAHC is a not-for-profit entity. Its principal objective is to manage State's housing portfolio on behalf of the New South Wales government.

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

NSW Land and Housing Corporation

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the NSW Land and Housing Corporation (the Corporation), which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation as at 30 June 2012, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Director General of Department of Finance and Services Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Independence

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

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



Peter Achterstraat
Auditor General

20 September 2012
SYDNEY

NSW Land and Housing Corporation

Financial Statements

For Year Ended

30 June 2012

NSW LAND AND HOUSING CORPORATION

ADOPTION OF FINANCIAL STATEMENTS - 1 JULY 2011 TO 30 JUNE 2012

The financial statements of NSW Land and Housing Corporation have been prepared in accordance with the statute provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010* and the Treasurer's Directions.

Pursuant to section 41C subsection 1(B) and 1(C) of the *Public Finance and Audit Act 1983*, it is recommended that:

The financial statements for the year ended 30 June 2012 be adopted and the Director General provide a statement to the effect that in his opinion the accompanying financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010*, applicable Australian Accounting Standards, Australian Accounting Interpretations, Treasury Accounting Policy Statements and the Treasurer's Directions, and that as at 14 September 2012, the Director General is not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Michael Kuenzle
A/Chief Financial Officer
14 September, 2012

STATEMENT BY THE DIRECTOR GENERAL

For and on behalf of the NSW LAND AND HOUSING CORPORATION

Pursuant to section 41C subsection 1(B) and 1(C) of the *Public Finance and Audit Act 1983*, I, Michael Coutts-Trotter, Director General, state that in my opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of the NSW Land and Housing Corporation as at 30 June 2012 and its financial performance for the year then ended.
2. The statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010*, applicable Australian Accounting Standards, Australian Accounting Interpretations, Treasury Accounting Policy Statements and the Treasurer's Directions.

As at 14 September, 2012, I am not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Michael Coutts-Trotter
Director General

For and on behalf of the
NSW Land and Housing Corporation
14 September, 2012

		2012	2011
	Notes	\$'000	\$'000
Revenue			
Rent and other tenant charges	4	727 059	699 016
Government grants	5	205 719	955 486
Investment income	6	7 843	24 840
Management fee income	7	11 679	11 356
Other income	8	50 162	79 883
Total Revenue		1 002 462	1 770 581
Expenses			
Repairs and maintenance	9	221 158	202 292
Council rates		108 029	106 218
Water rates		93 086	90 396
Personnel services expenses	10	51 335	234 708
Depreciation and amortisation	12	296 347	323 675
Grants and subsidies	13	33 959	1 275 159
Finance costs	14	75 928	71 131
Impairment of receivables	18 (ii)	3 531	2 164
Other expenses	11	220 543	127 973
Total Expenses excluding losses		1 103 916	2 433 716
Loss on disposals	15	54 671	7 841
DEFICIT FOR THE YEAR		(156 125)	(670 976)
Other comprehensive income			
Net increase/(decrease) in property, plant and equipment asset revaluation reserve		1 161 242	(41 865)
Other comprehensive income for the year		1 161 242	(41 865)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1 005 117	(712 841)
The accompanying notes form part of these financial statements.			

NSW LAND AND HOUSING CORPORATION			
STATEMENT OF FINANCIAL POSITION			
AS AT 30 JUNE 2012			
	Note	2012 \$'000	2011 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	16	29 875	190 690
Receivables	17	32 211	46 696
Other financial assets	18	67 377	87 735
Prepayments	19	7 435	6 202
Total Current Assets (excluding assets held for sale)		136 898	331 323
Non-current assets held for sale	20	13 482	27 739
Total Current Assets		150 380	359 062
Non-Current Assets			
Receivables	17	-	27 187
Other financial assets	18	1 773	3 226
Property, plant and equipment	21	32 404 194	31 449 022
Intangible assets	22	6	55 284
Prepayments	19	26 274	26 778
Total Non-Current Assets		32 432 247	31 561 497
TOTAL ASSETS		32 582 627	31 920 559
LIABILITIES			
Current Liabilities			
Payables	23	230 159	446 650
Borrowings	24	29 760	14 624
Provisions	25	4 794	6 781
Total Current Liabilities		264 713	468 055
Non-Current Liabilities			
Payables	23	4 798	46 704
Borrowings	24	696 559	658 189
Provisions	25	202	1 844
Total Non-Current Liabilities		701 559	706 737
TOTAL LIABILITIES		966 272	1 174 792
NET ASSETS		31 616 355	30 745 767
EQUITY			
Retained earnings		11 047 098	11 123 582
Reserves		20 569 257	19 622 185
TOTAL EQUITY		31 616 355	30 745 767
The accompanying notes form part of these financial statements.			

NSW LAND AND HOUSING CORPORATION
STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2012

		Retained Earnings		Asset Revaluation Reserve		Total	
		2012	2011	2012	2011	2012	2011
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July		11 123 582	11 298 384	19 622 185	20 160 224	30 745 767	31 458 608
Deficit for the year		(156 125)	(670 976)	-	-	(156 125)	(670 976)
Other Comprehensive Income:							
Net increase/(decrease) in property, plant and equipment asset valuations		-	-	1 161 242	(41 865)	1 161 242	(41 865)
Transfers on disposal		214 170	496 174	(214 170)	(496 174)	-	-
Total other comprehensive income		214 170	496 174	947 072	(538 039)	1 161 242	(41 865)
Total comprehensive income for the year		58 045	(174 802)	947 072	(538 039)	1 005 117	(712 841)
Transactions with owners in their capacity as owners							
Increase/(decrease) in net assets from equity transfers	26	(134 529)	-	-	-	(134 529)	-
Balance at 30 June		11 047 098	11 123 582	20 569 257	19 622 185	31 616 355	30 745 767
The accompanying notes form part of these financial statements.							

NSW LAND AND HOUSING CORPORATION			
STATEMENT OF CASH FLOWS			
FOR YEAR ENDED 30 JUNE 2012			
		2012	2011
	Notes	\$'000	\$'000
Cash flows from Operating Activities			
Receipts			
Rent and other tenant charges		724 484	695 634
Government grants - Commonwealth & State	5	11 306	940 853
Government grants - other NSW government agencies	5	194 413	14 633
Interest received		7 843	24 840
Management fees		11 679	11 356
Other		108 330	4 827
Total receipts		1 058 055	1 692 143
Payments			
Property and residential tenancy		(478 515)	(506 617)
Personnel services expenses		(95 327)	(225 580)
Administrative and working expenses		(158 910)	(65 034)
Finance costs		(74 080)	(57 026)
Grants and subsidies		(3 777)	(235 432)
Other		(3)	(85)
Total payments		(810 612)	(1 089 774)
Net cash flows from Operating Activities	29	247 443	602 369
Cash flows from Investing Activities			
Receipts			
Proceeds from sale of property, plant and equipment		170 002	276 938
Proceeds from redemption of investments		19 976	504 799
Total receipts		189 978	781 737
Payments			
Purchase of property, plant and equipment		(496 218)	(1 316 530)
Purchase of investments		(176)	(7 157)
Total payments		(496 394)	(1 323 687)
Net cash flows from Investing Activities		(306 416)	(541 950)
Cash flows from Financing Activities			
Receipts			
Proceeds from borrowings		724	102
Payments			
Repayments of borrowings		(41 188)	(39 490)
Net cash flows from Financing Activities		(40 464)	(39 388)
Net increase/(decrease) in cash and cash equivalents		(99 437)	21 031
Opening cash and cash equivalents		190 690	169 659
Cash adjustment due to administrative restructure	26	(61 378)	-
CLOSING CASH AND CASH EQUIVALENTS	16	29 875	190 690
The accompanying notes form part of these financial statements.			

NSW LAND AND HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2012

NOTE 1: THE REPORTING ENTITY

The NSW Land and Housing Corporation (LAHC), as a reporting entity, comprises all the operating activities under its control. The LAHC administers the *Housing Act 2001* and is responsible for managing the New South Wales Government's housing portfolio.

Since the previous reporting period, there has been an administrative restructure within the New South Wales public sector. The impacts of this administrative restructure are embodied in the *Public Sector Employment and Management (Departments) Order 2011* and the *Public Sector Employment and Management (Departments and Ministers) Amendment Order 2011*. In accordance with these Orders, from 1 July 2011, staff previously employed by the Department of Family and Community Services (DFACS) who provided personnel services to the LAHC in respect of the housing portfolio asset management functions, were transferred to the Department of Finance and Services (DFS). DFACS employees who were not responsible for asset management functions were retained in DFACS and they continue to provide personnel services to DFACS – Housing. DFACS – Housing is responsible for assisting people who are in housing need by providing social and affordable housing, supporting low income private renters and implementing homelessness, home ownership and specialist housing and support programs.

The LAHC is a *not-for-profit* entity. Its principal objective is to manage the State's housing portfolio on behalf of the New South Wales government.

Although the LAHC forms part of the DFS cluster, for accounting and reporting purposes, it is not deemed to be controlled by DFS. Accordingly, the LAHC's financial statements are not consolidated with DFS. However, it is consolidated as part of the NSW Total State Sector Accounts.

The financial statements for the year ended 30 June 2012 were authorised for issue by the Director General of the Department of Finance and Services on 14 September 2012.

NOTE 2: BASIS OF PREPARATION

The LAHC's financial statements are general purpose financial statements, which have been prepared in accordance with applicable Australian Accounting Standards (AASBs), which include Australian Accounting Interpretations, and the requirements of the *Public Finance and Audit Act 1983* and *Regulation*.

a) Statement of Compliance

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

b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except:

- Property, plant and equipment are measured at fair value;
- Assets held for sale are measured at the lower of carrying amount and fair value less cost to sell;
- Interest free or low interest borrowings are initially measured at fair value and at amortised cost, thereafter.

c) Currency presentation

The financial statements are presented in Australian dollars and all amounts rounded to the nearest one thousand dollars.

NSW LAND AND HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2012

NOTE 2: BASIS OF PREPARATION (continued)

d) Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts for assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all reporting periods presented in these financial statements.

a) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Accounting policies on recognition of specific types of income are discussed below:

(i) *Rent*

Rental income is recognised in accordance with AASB 117 *Leases* on a straight line basis over the term of the lease.

Public housing

Rent is charged one week in advance and recognised as income on a straight-line basis.

The LAHC charges rent at current market rates, subject to individual limitations. However, tenants are only required to pay an amount equivalent to a pre-determined percentage of their household income. Rent payable by tenants, including other tenant related charges, is reported in the Statement of Comprehensive Income as Rent and other tenant charges.

Community housing

The LAHC enters into lease agreements with accredited community housing providers, generally for a period of between 3 and 5 years, at a nominal rent of \$1. During the term of the lease, the LAHC retains control over the leased residential properties. Ownership of the leased dwellings is not transferred to the lessees (community housing providers) at the end of the lease term.

**NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2012**

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Income recognition (*continued*)

(ii) Government grants

Government grants are recognised as income when the LAHC gains control over the grants. Control is normally obtained when cash is received. In accordance with Treasury mandate, the LAHC continues to apply the current version of AASB 1004 *Contributions*.

(iii) Investment income

Investment income is recognised as it accrues using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

(iv) Management fees and other income

Management fees and other income are recognised on an accrual basis in accordance with AASB 118 *Revenue*.

(v) Income from sale of assets

Income from the sale of assets is recognised when the conditions set out in paragraph 14 of AASB 118 *Revenue* are met. When property assets are sold, income from the sale is recognised at the contract settlement date.

b) Finance costs

Finance costs are recognised as expenses in the period in which they are incurred. AASB 123 *Borrowing Costs* provides options for *not-for-profit* public sector entities, to either expense or capitalise borrowing costs relating to qualifying assets. During the 2011- 12 financial year, NSW Treasury has allowed *not-for-profit* public trading enterprises, such as the LAHC to adopt either option (previous Treasury mandate was to expense borrowing costs). The LAHC has opted to continue expensing borrowing costs.

c) Insurance

The LAHC manages its insurance activities through insurance brokers. Insurance premiums are paid annually and are charged against income on a straight line basis over the period covered by the insurance policies.

**NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2012**

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

- (i) the amount of GST incurred by the LAHC as a purchaser, that is not recoverable from the Australian Taxation Office (ATO), is recognised as part of the cost of acquisition of an asset or as part of an item of expense;
- (ii) receivables and payables are stated with the amount of GST included.

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

e) Financial Instruments

(i) Non-derivative financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, short term deposits maturing in three months or less from balance date and deposits in NSW Treasury Corporation's Hour Glass Cash Facility.

Loans and receivables

Short term receivables

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

Loans and other receivables

Loans and other receivables are financial assets that are not quoted in an active market and with fixed or determinable payments. Such assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent to initial recognition, loans and other receivables are measured at amortised cost using the effective interest method, less any impairment loss (see Note 18). Changes are recognised in the surplus / (deficit) for the year when impaired, derecognised or through the amortisation process.

(ii) Non-derivative financial liabilities

Trade and other payables

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

**NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2012**

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial Instruments (*continued*)

Borrowings

Borrowings, including low interest loans, are measured initially at fair value net of transaction costs incurred. Subsequent to initial recognition, borrowings are measured at amortised cost using the effective interest method. Gains or losses arising from subsequent valuation are recognised in the surplus / (deficit) for the year.

Financial guarantees

Financial guarantees are recognised initially as a liability at fair value as set out in AASB 139, and subsequently measured at the higher of:

- a) the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and
- b) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with AASB 118 *Revenue*.

f) De-recognition of financial assets and financial liabilities

(i) Financial assets

Financial assets are de-recognised when the contractual rights to the cash flows from the financial assets expire; or if the LAHC transfers the financial assets:

- a) where substantially all the risks and rewards have been transferred or
- b) where the LAHC has not transferred substantially all the risks and rewards, if LAHC has not retained control.

Where the LAHC has neither transferred nor retained substantially all the risks and rewards or transferred control, financial assets are recognised only to the extent of the LAHC's continuing involvement in the assets.

(ii) Financial liabilities

Financial liabilities are de-recognised when the obligations specified in the contracts expire, are discharged or cancelled.

The LAHC has not de-recognised any financial assets and liabilities.

g) Property, plant and equipment

(i) Capitalisation threshold

Property, plant and equipment, including leasehold improvements costing \$5,000 and above are capitalised if it is probable that future economic benefits will flow to the LAHC and the cost of the asset can be reliably measured. For grouped assets forming part of a network, once their aggregate value reaches the \$5,000 capitalisation threshold, further acquisitions within the asset group are capitalised regardless of the cost.

**NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2012**

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Property, plant and equipment (*continued*)

(ii) *Recognition and measurement*

The cost method of accounting is used in the initial recording of all asset acquisitions controlled by the LAHC.

Cost includes expenditures that are directly attributable to the acquisition of the asset, such as cash or cash equivalents paid or the fair value of other consideration given to acquire the asset at the time of its acquisition or construction, or where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

The cost of self-constructed assets includes the cost of materials and direct labour; any other costs directly attributable to bringing the asset to a working condition for its intended use; the costs of dismantling and removing the items and restoring the site on which they are located, but only to the extent that such costs are recognised as a liability. The LAHC recognises a liability when it has a legal or constructive obligation to restore an asset.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Where the payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, that is, the deferred payment amount is discounted at a rate that appropriately applies to each specific asset.

When completed residential properties are acquired, they are brought to account as property, plant and equipment upon unconditional exchange of contracts.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, with the net amount being recognised within the Statement of Comprehensive Income.

(iii) *Subsequent costs*

a) Major inspection costs

The labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, when the asset recognition criteria is satisfied.

b) Repairs and maintenance

The LAHC expenses the cost of routine repairs and maintenance necessarily incurred to maintain its property portfolio at pre-determined standards. During the year, the LAHC incurred \$221.2 million (2011: \$202.3 million) on repairs and maintenance.

An accrual is brought to account to recognise the value of unpaid repairs and maintenance costs as at the reporting date. The LAHC estimates this accrual by applying a pre-determined percentage to the value of works orders issued to maintenance contractors. The pre-determined percentage varies depending on the status of the works orders as at the reporting date.

**NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2012**

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Property, plant and equipment (continued)

c) Capital improvements

The LAHC incurs costs necessary to bring older dwellings within its property portfolio to the LAHC's benchmark condition. These costs are capitalised when the improved dwellings exceed their original standard as a result of the work undertaken.

(iv) Revaluation

After initial recognition, the LAHC values property, plant and equipment in accordance with the Treasury Policy Paper, TPP 07-01 *Valuation of Physical Non-Current Assets at Fair Value*. This policy paper adopts the revaluation model option provided in AASB 116 *Property, Plant and Equipment* and takes into account the unique circumstances in the public sector when applying the valuation principles prescribed in AASB 116.

Under the revaluation option, the LAHC values property, plant and equipment at fair value with reference to its highest and best use, being the value of its existing use, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in limited circumstances, where there are feasible alternative uses, property, plant and equipment is valued at the highest and best use of the feasible alternative (net of costs to achieve that use).

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market prices for the same or similar assets. In the absence of readily identifiable market evidence, as in the case of churches, child care centres in the community purpose portfolio, the market value for the land is adopted and a depreciated replacement cost is determined for the improvements.

For non-specialised property, plant and equipment with short useful lives, historical cost is considered to approximate fair value.

Revaluation methodology by asset class

a) Residential properties

The LAHC undertakes revaluation of its residential properties each year, either by physical inspection (which takes place every 3 years), or by indexation in the interim years. Revaluation by physical inspection was undertaken in December 2011. The LAHC engaged registered valuers from Land and Property Information to value 4,500 benchmark properties. These 4,500 valued properties were used to develop a reference matrix for approximately 29,000 valuations. The valuations comprising the matrix were extrapolated to all residential properties taking into account the particular characteristics of each property.

Freehold properties

This group of properties is valued by reference to market value comparisons. Where the dwelling is a unit, townhouse or a duplex, provision has been made to reduce the value by the cost of obtaining a hypothetical separate title.

**NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2012**

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Property, plant and equipment (continued)

Properties under "block" title

Management has exercised its judgment when valuing residential properties under "block" title. Block titled properties represent a group of properties within a specific location that are covered by a single title for the entire block, instead of individual title.

This category of residential properties is initially valued as if the properties were under a single title. This single title valuation is discounted by the cost to a developer for establishing individual titles and bringing the properties to market. This process establishes a value for that part of the market that may be interested in buying properties under a single title. When applying this valuation methodology, the LAHC ensures that the valuation assigned to this group of residential properties represents fair value.

Partial interest in properties

Where the LAHC holds a partial interest in properties, the valuation is calculated by applying the level of ownership held by the LAHC.

b) Commercial properties

Due to the nature of this asset class, each asset within the class is valued annually by independent registered valuers.

c) Community purpose built properties

Due to the special purpose for which these properties are held, each asset within this asset class is valued annually by independent registered valuers.

d) Land held for redevelopment

When residential buildings are demolished in line with the LAHC's asset strategy program, (refer to Note 15(ii)), the resulting vacant land is classified as land held for redevelopment. The revaluation methodology applicable to residential properties also applies to this class of assets.

e) Vacant land

This asset class is valued every year using the land valuation provided by the Valuer- General.

f) Land under roads

In accordance with New South Wales Treasury Circular NSW TC 10/07 *Land under Roads*, this asset class, which has no feasible alternative use is valued at existing use based on an en globo (pre-subdivision) approach.

**NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2012**

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Property, plant and equipment (continued)

Revaluation increments/decrements

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

For other assets, the accumulated depreciation balance of an asset as at the revaluation date, is credited to that asset's account balance. The resulting net balance in the asset account is increased or decreased to bring the asset's value to fair value.

As the LAHC is a *not-for-profit* entity, the revaluation increment or decrement relating to individual assets within an asset class are offset against one another, but not against assets that belong to a different asset class.

The revaluation increment relating to an asset class for which a revaluation decrement has been recognised as an expense in prior years is first used to reverse that previously recognised expense. This is achieved by recognising an income in the surplus/(deficit) reported in the Statement of Comprehensive Income up to the value of the previously recognised expense. The remaining balance is directly credited to the Asset Revaluation Reserve account.

The revaluation decrement relating to an asset class is first offset against the existing credit balance in the Asset Revaluation Reserve account for that asset class. The remaining balance is recognised as an expense in the surplus/(deficit) reported in the Statement of Comprehensive Income.

When a previously revalued asset is disposed of, any remaining balance in the Asset Revaluation Reserve pertaining to that asset is transferred to Retained Earnings.

(v) Depreciation

Property, plant and equipment, other than land are depreciated on a straight line basis. The residual values and useful lives of assets are reviewed at each balance date and adjusted, if appropriate. The estimated useful lives of the depreciable assets are:

Asset class	Estimated useful life
Residential properties	50 years
Residential properties marked for demolition	1 to 5 years
Commercial properties	50 years
Community purpose built properties	50 years
Motor vehicles	3 years
Computer hardware	3 years
Office furniture and equipment	3 years

Leasehold improvements are amortised over the unexpired period of the lease or the estimated useful life of the improvements, whichever is shorter.

NSW LAND AND HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2012

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Intangible assets

Intangible assets costing \$5,000 and above are capitalised if it is probable that future economic benefits will flow to the LAHC and the cost of the asset can be reliably measured.

The cost method of accounting is used in the initial recording of intangible assets acquired or developed by the LAHC. However, intangible assets acquired at no or nominal cost, are measured at fair value. In the case of intangible assets, such as computer software developed internally by the LAHC, research costs are expensed while development costs that meet specific criteria are capitalised provided they are directly attributable to the asset. Where computer software, acquired externally forms an integral part of the related computer hardware, it is considered to form part of the computer hardware and is classified as Property, Plant and Equipment. However, where externally acquired computer software does not form an integral part of the related computer hardware, it is classified as an intangible asset.

After initial recognition, intangible assets are measured at fair value, where an active market exists.

Amortisation of intangible assets is calculated on a straight-line basis over the assets' estimated useful lives, which are assessed each year.

i) Leased assets

(i) Finance leases

Leases where the LAHC assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Bonnyrigg Living Communities Finance Leases

The Bonnyrigg Living Communities Project is a public/private partnership between the LAHC and the Project Company, New Leaf Communities (previously known as Bonnyrigg Partnerships Nominee Pty. Limited). The Project Company will provide full redevelopment, tenant, community and asset management services over a period of 30 years. The relevant contracts came into effect on 20 April 2007.

This project, which is expected to be completed in approximately 12 years from commencement, relates to the staged development over 18 stages of 2,330 properties in Bonnyrigg. These will comprise 699 social housing properties (30% of total) and 1,631 private housing properties. In addition, 134 properties will be acquired off site to maintain the number of social housing stock (833 properties) that was originally in the Bonnyrigg estate prior to the commencement of this project.

The net expenditure on this project as at reporting date is \$56.4 million, while the net present cost to complete is \$194.8 million.

When public housing properties are completed, the LAHC brings them to account as finance leases on the basis that on completion date, all the risks and rewards attributable to these properties are transferred to the LAHC.

Long term leases of land

Long term leases of land are classified as finance leases if the risks and rewards incidental to ownership of the land are substantially transferred to the lessees. Where lessees make up-front lease payments, this arrangement is accounted for as a sale and the leased assets are de-recognised.

**NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2012**

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Leased assets (*continued*)

(ii) *Operating leases*

Other leases, where the LAHC does not assume substantially all the risks and rewards of ownership, are classified as operating leases and not recognised in the LAHC's Statement of Financial Position. However, lease payments in respect of the use of the leased assets are recognised in the Statement of Comprehensive Income.

j) Impairment

(i) *Financial assets*

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

For financial assets carried at amortised cost, the amount of the allowance is the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of impairment loss is recognised in the surplus/(deficit) reported in the Statement of Comprehensive Income.

Where there is objective evidence, previously recognised impairment losses are reversed in the surplus/(deficit) for the year. Reversals of impairment losses on financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

Short term receivables, loans and other receivables

The allowance for estimated impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Uncollectible amounts are recognised as bad debts and written off when the following requirements of Treasurer's Directions 450.01 – 450.09 *Recovery of Debts to the State* are met:

- a) the debtor cannot be located;
- b) it is uneconomical to finalise recovery action due to the relatively small value of the debt;
- c) the medical, financial or domestic circumstances of a particular debtor do not warrant the taking of further recovery action; or
- d) legal proceedings through the courts have proved, or on legal advice, would prove unsuccessful.

**NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2012**

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Impairment (continued)

(ii) Property, plant and equipment and intangible assets

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

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

k) Non-current assets classified as held for sale

The LAHC classifies non-current assets as held for sale, when their carrying amount will be recovered principally through a sale transaction and not through continuing use. Non-current assets held for sale are recognised at the lower of carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in the profit and loss. Gains on re-measurement are recognised in the profit and loss only to the extent of the cumulative impairment loss that has been recognised.

Assets classified as held for sale are not depreciated while the held for sale classification criteria continues to be met.

l) Provisions

A provision is recognised if, as a result of a past event, the LAHC has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

A provision for restructuring is recognised when the LAHC has a detailed and formal restructuring plan and the restructuring either has commenced or has been announced publicly.

m) Equity transfer

In accordance with NSW Treasury Policy and Guidelines Paper (NSW TPP) 09-03, AASB 1004 *Contributions and Australian Interpretation 1038 Contributions by Owners made to Wholly-owned Public Sector Entities*, the transfer of net assets between agencies as a result of an administrative restructure within government is designated as a contribution by owners and recognised as an adjustment to Retained Earnings.

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

Details of net assets transferred by the LAHC to DFACS - Housing are provided in Note 26.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2012

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) New Australian accounting standards and interpretations issued but not effective

The following new accounting standards and Interpretations have not been applied as they are not yet effective.

AASB No.	Operative Date	Title
9 and 2010-7	1 January 2013	Financial Instruments and Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)
10	1 January 2013	Consolidated Financial Statements
11	1 January 2013	Joint Arrangements
12	1 January 2013	Disclosure of Interests in Other Entities
13	1 January 2013	Fair Value Measurement
2011-8	1 January 2013	Amendments to Australian Accounting Standards arising from AASB 13
119	1 January 2013	Employee Benefits
2011-10	1 January 2013	Amendments to Australian Accounting Standards arising from AASB 119
2011-11	1 July 2013	Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements
127	1 January 2013	Separate Financial Statements
128	1 January 2013	Investments in Associates and Joint Ventures
1053	1 July 2013	Application of Tiers of Australian Accounting Standards
2010-2	1 July 2013	Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements
2010-8	1 January 2012	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets
2010-10	1 January 2013	Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First Time Adopters
2011-2	1 July 2013	Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements
2011-3	1 July 2012	Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments
2011-4	1 July 2013	Amendments to Australian Accounting Standards to remove Individual Key Management Personnel Disclosure Requirements
2011-6	1 July 2013	Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements
2011-7	1 January 2013	Amendments to Australian Accounting Standards arising from the Consolidation and Joint Venture Arrangements Standards
2011-9	1 July 2012	Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income
2011-12	1 January 2013	Amendments to Australian Accounting Standards arising from Interpretation 20 (AASB 1)
2011-13	1 July 2012	Amendments to Australian Accounting Standard – Improvements to AASB 1049

The LAHC anticipates that the adoption of these Standards and Interpretations in the period of initial application will have no material financial impact on the financial statements.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2012

NOTE 4: RENT AND OTHER TENANT CHARGES

	2012	2011
	\$'000	\$'000
Market rent and other tenant charges	1 549 943	1 464 057
Less: rental subsidies to tenants (non-cash)	(856 904)	(797 072)
Water usage charges	34 020	32 031
Total rent and other tenant charges	727 059	699 016

NOTE 5: GOVERNMENT GRANTS

From 1 July 2011, the Commonwealth and State grants previously received by the LAHC in respect of the National Affordable Housing Agreement (NAHA) were appropriated to DFACS through the annual budget process. However, the LAHC continues to receive Commonwealth and State grants for initiatives not covered by the NAHA. It also receives grants from other government agencies.

During the year, the LAHC received grants from the following:

Commonwealth

NAHA	-	296 243
NBESP		
Capital	-	482 561
Total NBESP	-	482 561
National Partnership Agreement on Homelessness - capital	-	8 371
Housing Affordability Fund (ii)	11 306	-
National Partnership Agreement on Homelessness - recurrent	-	7 518
Total Commonwealth grants	11 306	794 693
State		
NAHA	-	146 160
Total State grants	-	146 160
Total Commonwealth and State grants	11 306	940 853
Other government agencies		

Department of Family & Community Services - Community Services	1 356	1 876
Home Purchase Assistance Fund	45 000	-
Crown Entity (note 24 (i))	1 042	-
Department of Family & Community Services - Ageing, Disability & Home Care	-	7 374
City of Sydney	-	1 970
Department of Family & Community Services (i)	147 015	-
Other	-	3 413
Total grants from other government agencies	194 413	14 633
Total Government grants	205 719	955 486

(i) These include grants that are applied to programs such as headleasing, repairs and maintenance and capital works.

(ii) The LAHC has entered into a number of Housing Affordability Fund (HAF) agreements with the Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs. HAF is an investment by the Australian Government which aims to stimulate the supply of new houses and improve housing affordability.

Funding under the HAF agreements will be used by the LAHC to fund a program of works in eleven different sites. The agreements stipulate that savings generated as a result of the HAF funding received by the LAHC must be passed on to new home buyers.

NSW LAND AND HOUSING CORPORATION				
NOTES TO THE FINANCIAL STATEMENTS				
FOR YEAR ENDED 30 JUNE 2012				
NOTE 6: INVESTMENT INCOME				
			2012	2011
			\$'000	\$'000
Interest earned by the LAHC is in respect of the following investments:				
NSW Treasury Corporation - Hour Glass cash facilities			3 045	7 981
Bank deposits			4 718	16 454
Other			80	405
Total investment income			7 843	24 840
NOTE 7: MANAGEMENT FEE INCOME				
Project management fees			6 841	7 103
Tenancy management fees			4 838	4 253
Total management fee income			11 679	11 356
NOTE 8: OTHER INCOME				
Rental bonds recovered			-	6 048
Environmental Program recoveries (i)			6 186	14 744
Bad debts recovered			472	639
Contributions from community groups			-	445
Insurance recovery			1 717	801
Transfer of assets from Aboriginal Housing Office (note 21 (i) & (ii))			582	1 261
Tenant damage recovered			1 073	1 329
Initial recognition of land under roads (note 21)			-	47 739
Initial recognition of land & buildings			8 777	-
GST refund - prior years			6 750	5 571
Input tax credit - properties vested in prior year			11 011	-
Liquidation damages realised			1 568	-
Remeasurement of finance lease liability			9 250	-
Sundry (ii)			2 776	1 306
Total other income			50 162	79 883
(i) In accordance with the environmental sustainability strategy, the LAHC is actively implementing a range of programs to improve the environmental performance of the asset portfolio. These programs include installation of ceiling insulation, solar hot water heating systems, solar panels and rainwater tanks. This income represents amounts received from the transfer of rights over renewable energy certificates, solar and other rebates.				
(ii) In 1990, the NSW Treasury granted the LAHC exemption from Treasurer's Directions relating to the "treatment of stale cheques". Cheques drawn by the LAHC which have not been claimed by the payee after fifteen months are staled. In general, the LAHC is allowed not to remit the unclaimed cheques to Treasury and recognise them as sundry income. However, unclaimed cheques that relate to a refund of advance rent paid by the LAHC's tenants are governed by the Unclaimed Moneys Act 1995. In accordance with this Act, an unclaimed advance rent refund cheque can only be recognised as sundry income, if it is less than \$100 or has been held by the LAHC for more than six years and only after all reasonable attempts have been made to locate the tenants. Otherwise, the unclaimed cheque is recognised as a liability which is included in "rent received in advance" reported in note 23.				
NOTE 9: REPAIRS AND MAINTENANCE				
Residential properties			220 682	200 703
Commercial properties			376	1 181
Other			100	408
Total repairs and maintenance			221 158	202 292

NSW LAND AND HOUSING CORPORATION			
NOTES TO THE FINANCIAL STATEMENTS			
FOR YEAR ENDED 30 JUNE 2012			

NOTE 10: PERSONNEL SERVICES			
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			2012	2011
			\$'000	\$'000
Salaries			29 256	161 867
Annual leave and leave loading			5 835	16 270
Long service leave			-	6 729
Employer's contributions to superannuation			4 491	20 066
Workers' compensation insurance			501	994
Payroll and fringe benefit tax			3 531	11 207
Temporary assistance			7 685	17 345
Other			36	230
Total personnel services			51 335	234 708

During the year, personnel services were provided by staff employed by DFS at a total cost of \$51.3 million (2011: \$0.3 million DFS and \$234.4 million DFACS).

NOTE 11: OTHER EXPENSES			
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Management and other fees (i)			13 199	16 849
Rent on headleased properties (ii)			56 982	54 556
Office accommodation			3 449	15 478
Insurance			4 995	4 277
Staff development			427	2 249
Building maintenance			245	902
Utilities			5 908	5 859
Computer maintenance and software licences			110	904
Printing, postage and stationery			595	3 206
Motor vehicle			317	1 168
Auditors' remuneration			365	551
Travel			505	1 644
Telecommunication			432	2 169
Compensation payments			2 676	1 054
Consultants' fees			30	465
Contractors			3 099	2 477
Interpreting service			-	1 413
Tenant relocation			75	5 405
Tenancy Management Expenses			111 720	-
Businesslink costs (iii)			13 529	-
Other			1 885	7 347
Total other expenses			220 543	127 973

(i) Management and other fees include service fees in respect of the Bonnyrigg Living Communities Project (see notes 3 i) (i) and 19 (i)).

(ii) The LAHC leases residential properties from the private market to supplement its housing stock in order to meet client demand for social housing. These leased residential properties are sub-let to eligible clients.

(iii) NSW Businesslink Pty Ltd is the shared service provider for the LAHC. The services provided include corporate support services in respect of finance, information technology and human resources functions.

NSW LAND AND HOUSING CORPORATION				
NOTES TO THE FINANCIAL STATEMENTS				
FOR YEAR ENDED 30 JUNE 2012				
NOTE 12: DEPRECIATION AND AMORTISATION				
			2012	2011
			\$'000	\$'000
Depreciation				
Residential properties			294 021	306 388
Commercial properties			477	463
Community purpose built properties			261	153
Finance leased properties			206	35
Computer hardware			294	1 917
Office furniture and equipment			120	622
Motor vehicles			740	1 986
Total depreciation			296 119	311 564
Amortisation				
Intangible assets			12	9 615
Leasehold improvements			216	2 496
Total amortisation			228	12 111
Total depreciation and amortisation			296 347	323 675
As detailed in Note 26, depreciable property, plant and equipment and intangible assets were transferred to DFACS - Housing. This has impacted the LAHC's depreciation and amortisation charges.				
NOTE 13: GRANTS AND SUBSIDIES				
Grants to community groups - vested properties (i)			-	945 656
Property transfers to Aboriginal Housing Office (note 21 (i) & (ii))			30 182	90 603
Grant to NSW Businesslink Pty Ltd			222	34 073
Amortisation of write down on borrowing			324	-
Other			3 231	294
			33 959	1 070 626
Grant programs transferred to DFACS - Housing in 2011-12				
Grants to community groups (other than vested properties)				
Headleasing			-	55 491
Property Management			-	21 253
Resource Programs			-	2 251
Other programs			-	169
Total grants to community groups (other than vested properties)			-	79 164
Community housing groups - construction			-	14 158
Rental subsidies to disadvantaged groups			-	25 857
Private rental assistance			-	21 441
Emergency accommodation			-	26 696
Grants to Government and Government related agencies			-	4 101
Grants to local governments			-	168
Tenant participation			-	1 878
Housing Community Assistance Program			-	617
Community renewal			-	648
Affordable Housing Innovation Fund			-	367
Social Housing Growth Fund			-	29 438
			-	204 533
Total grants and subsidies expense			33 959	1 275 159
(i) Improving housing affordability continues to be a Government priority and initiative. In 2010-11, 3,099 properties valued at \$945.6 million were vested to community housing providers. The carrying amount of the vested properties are accounted for as grants expense.				

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2012

NOTE 14: FINANCE COSTS

	2012	2011
	\$'000	\$'000
Finance costs comprise:		
Interest on interest bearing liabilities		
State Advances – Commonwealth loans	51 641	52 421
NSW Treasury Corporation	11 599	11 703
Crown Entity	7 207	-
Other	5 481	6 071
	75 928	70 195
Interest on loan payable – PEP (i)	-	936
Total finance cost	75 928	71 131

(i) The Private Equity Partnership loans were fully liquidated in 2010 - 11.

NOTE 15: GAIN/(LOSS) ON DISPOSAL

(i) Sale of assets

Residential properties

Sales proceeds	152 944	209 754
Less: selling expenses	(3 959)	(5 398)
Net proceeds	148 985	204 356
Less: written down value of assets sold	(156 126)	(203 964)
(Loss)/Gain	(7 141)	392

Commercial properties

Sales proceeds	4 034	-
Less: selling expenses	(47)	-
Net proceeds	3 987	-
Less: written down value of assets sold	(4 861)	-
Loss	(874)	-

Land

Sales proceeds	14 812	35 346
Less: selling expenses	(751)	(782)
Net proceeds	14 061	34 564
Less: value of assets sold	(7 464)	(12 494)
Gain	6 597	22 070

Motor Vehicles

Sales proceeds	537	3 373
Less: selling expenses	(16)	(126)
Net proceeds	521	3 247
Less: written down value of assets sold	(541)	(3 511)
Loss	(20)	(264)

Office furniture and equipment

Sales proceeds	-	4
Less: selling expenses	-	-
Net proceeds	-	4
Less: written down value of assets sold	-	-
Gain	-	4

(Loss)/Gain on sale of property, plant and equipment	(1 438)	22 202
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Total Asset Sales

Sales proceeds	172 327	248 477
Less: selling expenses	(4 773)	(6 306)
Net proceeds	167 554	242 171
Less: written down value of assets sold (note 21 (ii))	(168 992)	(219 969)
(Loss)/Gain on sale of property, plant and equipment	(1 438)	22 202

NSW LAND AND HOUSING CORPORATION				
NOTES TO THE FINANCIAL STATEMENTS				
FOR YEAR ENDED 30 JUNE 2012				
NOTE 15: GAIN/(LOSS) ON DISPOSAL (continued)				
			2012	2011
			\$'000	\$'000
(ii) Assets demolished				
Written down value of demolished properties (note 21 (i) & (ii))			(41 933)	(28 025)
In accordance with the LAHC's strategic asset management program, properties that meet certain criteria may be demolished to provide appropriate housing facilities in a cost effective manner.				
(iii) Assets written off				
Property, plant and equipment (note 21 (i) & (ii))			(13 146)	(5 478)
Impairment – non-current assets classified as held for sale (note 20)			(216)	(436)
Assets written off			(13 362)	(5 914)
Loss on disposal of property, plant and equipment			(56 733)	(11 737)
(iv) Sale of assets held for sale				
Residential properties				
Sales proceeds			13 228	20 469
Less: selling expenses			-	(44)
Net proceeds			13 228	20 425
Less: written down value of assets sold			(12 022)	(18 128)
Gain			1 206	2 297
Vacant Land				
Sales proceeds			11 013	15 073
Less: selling expenses			-	-
Net proceeds			11 013	15 073
Less: written down value of assets sold			(10 157)	(13 474)
Gain			856	1 599
Gain on sale of assets held for sale			2 062	3 896
Total Sales of Assets Held for Sale				
Sales proceeds			24 241	35 542
Less: selling expenses			-	(44)
Net proceeds			24 241	35 498
Less: written down value of assets sold (note 20)			(22 179)	(31 602)
Gain on sale of assets held for sale			2 062	3 896
Total loss on disposals			(54 671)	(7 841)
NOTE 16: CURRENT ASSETS – CASH AND CASH EQUIVALENTS				
Cash on hand and at bank			18 962	53 301
Deposits at call - NSW Treasury Corporation – Hour Glass cash facilities (i)			10 913	137 389
Total cash and cash equivalent			29 875	190 690
(i) Deposits in NSW Treasury Corporation's Hour Glass cash facilities include amounts that have been restricted in terms of their use as follows:				
Affordable Housing Innovation Fund (AHIF)			-	9 598
Australian Defence Industries (ADI) project			-	10 823
Housing Affordability Fund (HAF)			4 994	8 172
			4 994	28 593

NSW LAND AND HOUSING CORPORATION				
NOTES TO THE FINANCIAL STATEMENTS				
FOR YEAR ENDED 30 JUNE 2012				
NOTE 17: CURRENT / NON-CURRENT ASSETS – RECEIVABLES				
			2012	2011
			\$'000	\$'000
Current				
Rental debtors			26 472	26 025
Less: allowance for impairment (i)			(18 226)	(17 952)
Net rental debtors			8 246	8 073
Property sales debtors			1 704	5 380
Commercial property sales debtors			221	2 146
Sundry debtors			16 796	12 475
Less: allowance for impairment (ii)			(376)	(297)
Net Sundry Debtors			16 420	12 178
Receivables – other government departments (iii)			5 620	18 919
Total current receivables			32 211	46 696
Non-current				
Receivables – Department of Family & Community Services - personnel services			-	27 187
Total non-current receivables			-	27 187
Total receivables			32 211	73 883
As stated in Note 26, \$1.2 million receivables were transferred to DFACS - Housing due to the administrative restructure.				
(i) The movement in the allowance for impairment of rental debtors is as follows:				
Balance, beginning of year			17 952	20 863
Debts written off			(3 183)	(5 046)
Increase in allowance for impairment			3 457	2 135
Balance, end of year			18 226	17 952
(ii) The movement in the allowance for impairment of sundry debtors is as follows:				
Balance, beginning of year			297	356
Debts written off			-	(3)
(Decrease)/increase in allowance for impairment			79	(56)
Balance, end of year			376	297
(iii) This includes \$5.6 million (2011: \$17.3 million) receivable from the Aboriginal Housing Office in respect of construction project management services provided by LAHC.				
(iv) The movement in the aggregate allowance for impairment in receivables is as follows:				
Balance, beginning of year			18 249	21 219
Debts written off			(3 183)	(5 049)
Increase in allowance for impairment			3 536	2 079
Balance, end of year			18 602	18 249

NSW LAND AND HOUSING CORPORATION				
NOTES TO THE FINANCIAL STATEMENTS				
FOR YEAR ENDED 30 JUNE 2012				
NOTE 18: CURRENT/NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS				
LAHC derives its investment powers from Part 2, Schedule 4 of the <i>Public Authorities (Financial Arrangements) Act 1987</i> . Other financial assets comprise the following:				
			2012	2011
			\$'000	\$'000
Current				
Loans and receivables				
Bank bills and deposits (including future calls)			66 747	87 017
Mortgage Assistance Scheme			630	634
Less: allowance for impairment (i)			-	(131)
Net			630	503
Mortgage receivable			-	215
Total loans and receivables			67 377	87 735
Total current other financial assets			67 377	87 735
Non-current				
Loans and receivables				
Mortgage Assistance Scheme			1 773	2 396
Mortgage receivable			-	830
Total loans and receivables			1 773	3 226
Total non-current other financial assets			1 773	3 226
Total other financial assets			69 150	90 961
(i) The movement in the allowance for impairment in loans under the Mortgage Assistance Scheme is as follows:				
Current				
Balance, beginning of year			131	101
Debts written off			(126)	(55)
(Decrease)/increase in allowance for impairment			(5)	85
Balance, end of year			-	131
(ii) Total movement in allowance for impairment in receivables and loans under the Mortgage Assistance Scheme is as follows:				
Current				
Balance, beginning of year			18 380	21 320
Debts written off			(3 309)	(5 104)
Allowance for impairment (note 17(iv) and note 18(i))			3 531	2 164
Balance, end of year			18 602	18 380
NOTE 19: CURRENT/NON-CURRENT ASSETS – PREPAYMENTS				
Current				
Head leasing			6 053	5 052
Other			1 382	1 150
Total current prepayments			7 435	6 202
Non-current				
Public Private Partnership - land contribution (i)			26 274	26 778
Total non-current prepayments			26 274	26 778
Total prepayments			33 709	32 980
(i) In accordance with Treasury Policy Paper TPP 06-08 <i>Accounting for Privately Financed Projects</i> , land contributed by the LAHC to be used in redeveloping the Bonnyrigg site has been classified as a prepayment. The prepayment is allocated between the value of the land component of completed public housing dwellings and the value of services provided by the project company. As completed public housing dwellings are received from the project company, the prepayment is reduced by the value of the land component. The component of the prepayment which relates to the value of the service fee is amortised over the remaining life of the project. Amortisation commences from the month following completion of the project stage to which the contributed land relates.				

NSW LAND AND HOUSING CORPORATION				
NOTES TO THE FINANCIAL STATEMENTS				
FOR YEAR ENDED 30 JUNE 2012				
NOTE 20: ASSETS HELD FOR SALE				
			2012	2011
			\$'000	\$'000
Residential properties			10 901	16 468
Vacant land			2 581	11 271
Total assets classified as held for sale			13 482	27 739
These assets are expected to be sold in the following financial year through a number of disposal options including auctioning the properties.				
An impairment loss on the measurement of assets classified as held for sale to fair value less cost to sell has been recognised and is included in Assets Written Off (note 15 (iii)). The impairment loss comprises:				
Residential properties -				
Net carrying amount at the time of reclassification			11 112	16 901
Less: Fair value less cost to sell			(10 901)	(16 467)
Impairment loss			211	434
Vacant land -				
Net carrying amount at the time of reclassification			2 605	11 273
Less: Fair value less cost to sell			(2 581)	(11 271)
Impairment loss			24	2
Total impairment loss on measurement of assets held for sale			235	436
Reconciliations				
Reconciliations of the total carrying amounts of assets classified as held for sale at the beginning and end of the current and previous financial year are set out below:				
Carrying amount at start of year			27 739	40 822
Sale of assets – written down value (note 15 (iv))			(22 179)	(31 602)
Impairment loss (note 15 (iii))			(235)	(436)
Impairment loss on reinstatement of non-current assets (note 15 (iii))			19	-
Reclassified from non-current assets to assets held for sale (note 21 (i) & (ii))			9 191	18 955
Reclassified from assets held for sale to non-current assets (note 21 (i) & (ii))			(1 053)	-
Carrying amount at end of year			13 482	27 739
Amount recognised in equity relating to assets held for sale				
Asset revaluation decrement reclassified from residential properties and vacant land to asset revaluation decrement for assets classified as held for sale:				
Carrying amount at start of year			13 277	14 116
Residential properties asset revaluation reserve			(2 858)	(839)
Total amount recognised in equity			10 419	13 277

NSW LAND AND HOUSING CORPORATION				
NOTES TO THE FINANCIAL STATEMENTS				
FOR YEAR ENDED 30 JUNE 2012				
NOTE 21: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT				
			2012	2011
			\$'000	\$'000
Property				
<i>Residential properties</i>				
Land, at gross carrying amount			16 211 984	17 366 616
Buildings, at gross carrying amount			15 385 426	13 250 608
Less: Accumulated depreciation			(26 136)	(140 315)
			15 359 290	13 110 293
Residential properties - net carrying amount (at fair value)			31 571 274	30 476 909
<i>Commercial properties</i>				
Land, at gross carrying amount			25 075	25 176
Buildings, at gross carrying amount			23 250	22 395
Less: Accumulated depreciation			(239)	(262)
			23 011	22 133
Commercial properties – net carrying amount (at fair value)			48 086	47 309
Finance leased properties - Bonnyrigg Living Communities (note 3 i) (i))				
Land, at gross carrying amount			7 972	7 543
Buildings, at gross carrying amount			13 374	10 337
Less: Accumulated amortisation			-	(35)
			13 374	10 302
Finance leased properties - net carrying amount (at fair value)			21 346	17 845
<i>Community purpose built properties</i>				
Land, at gross carrying amount			41 995	16 301
Buildings, at gross carrying amount			18 536	7 627
Less: Accumulated depreciation			(186)	(78)
			18 350	7 549
Community purpose built properties – net carrying amount (at fair value)			60 345	23 850
Land for redevelopment, at fair value			264 753	257 821
Vacant land, at fair value			41 549	43 741
Land under roads, at fair value			49 685	47 739
Work in progress, at gross carrying amount			343 661	508 847
Leasehold improvements				
Leasehold Improvements, at cost			7 390	23 006
Less: Accumulated amortisation			(7 390)	(12 522)
Leasehold improvements			-	10 484
Total Property – net carrying amount (at fair value)			32 400 699	31 434 545
Plant and Equipment				
Computer hardware, at gross carrying amount			6 697	11 497
Less: Accumulated depreciation			(6 548)	(8 684)
			149	2 813
Office furniture and equipment, at gross carrying amount			620	3 314
Less: Accumulated depreciation			(612)	(2 183)
			8	1 131
Motor vehicles, at gross carrying amount			4 392	13 005
Less: Accumulated depreciation			(1 054)	(2 472)
			3 338	10 533
Total plant and equipment – net carrying amount (at fair value)			3 495	14 477
Total property, plant and equipment – net carrying amount (at fair value)			32 404 194	31 449 022

NSW LAND AND HOUSING CORPORATION												
NOTES TO THE FINANCIAL STATEMENTS												
FOR YEAR ENDED 30 JUNE 2012												
NOTE 21: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)												
(i) Reconciliations												
Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below.												
	Residential Properties	Commercial Properties	Finance Leased Properties	Community Purpose Built Properties	Land held for Redevelop- ment	Vacant Land	Land under Roads	Work in Progress	Leasehold Improve- ments	Computer Hardware, Office Furniture & Equipment	Motor Vehicle	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2012												
Net carrying amount at start of year	30 476 909	47 309	17 845	23 850	257 821	43 741	47 739	508 847	10 484	3 944	10 533	31 449 022
Additions/capital improvements	125 388	5	-	4	10 226	-	-	263 777	-	18	1 064	400 482
Input tax credits - vested properties	(27 772)	-	-	-	-	-	-	-	-	-	-	(27 772)
Transfers to completed properties	476 447	-	-	-	2 206	-	-	(478 653)	-	-	-	-
Reclassified from non-current assets to assets held for sale (note 20)	(7 700)	-	-	-	(914)	(577)	-	-	-	-	-	(9 191)
Reclassified from assets held for sale to non-current assets (Note 20)	1 053	-	-	-	-	-	-	-	-	-	-	1 053
Sales (note 15)	(155 980)	(4 861)	-	-	(6 870)	(594)	-	(146)	-	-	(541)	(168 992)
Transfers to Aboriginal Housing Office (note 13)	(30 182)	-	-	-	-	-	-	-	-	-	-	(30 182)
Transfers from Aboriginal Housing Office (note 8)	582	-	-	-	-	-	-	-	-	-	-	582
Transfers between classes	(82 305)	-	3 707	110	28 468	184	-	49 836	-	-	-	-
Demolitions (note 15 (ii))	(41 933)	-	-	-	-	-	-	-	-	-	-	(41 933)
Write-off (note 15 (iii))	(13 145)	-	-	-	-	-	-	-	-	(1)	-	(13 146)
Transfer to DFACS - Housing	-	-	-	-	-	-	-	-	(10 268)	(3 390)	(6 978)	(20 636)
Revaluation increment/ (decrement)	1 143 933	6 110	-	36 642	(26 184)	(1 205)	1 946	-	-	-	-	1 161 242
Depreciation expense (note 12 excluding intangible assets)	(294 021)	(477)	(206)	(261)	-	-	-	-	(216)	(414)	(740)	(296 335)
Net carrying amount at end of year	31 571 274	48 086	21 346	60 345	264 753	41 549	49 685	343 661	-	157	3 338	32 404 194

NSW LAND AND HOUSING CORPORATION												
NOTES TO THE FINANCIAL STATEMENTS												
FOR YEAR ENDED 30 JUNE 2012												
NOTE 21: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)												
(ii) Reconciliations												
Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below.												
	Residential Properties	Commercial Properties	Finance Leased Properties	Community Purpose Built Properties	Land held for Redevelop- ment	Vacant Land	Land under Roads	Work in Progress	Leasehold Improve- ments	Computer Hardware, Office Furniture & Equipment	Motor Vehicle	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2011												
Net carrying amount at start of year	30 218 674	51 510	-	22 465	196 573	45 876	-	1 376 375	7 735	4 953	10 532	31 934 693
Additions/capital improvements	245 163	339	10 094	-	2 257	-	47 739	960 055	5 877	993	5 498	1 278 015
Input Tax credits - vested properties	(76 725)	-	-	-	-	-	-	-	-	-	-	(76 725)
Transfers to completed properties	1 767 985	-	-	-	8 554	1 026	-	(1777 565)	-	-	-	-
Reclassified from non-current assets to assets held for sale (note 20)	(16 371)	-	-	-	(2 584)	-	-	-	-	-	-	(18 955)
Reclassified from assets held for sale to non-current assets (Note 20)	-	-	-	-	-	-	-	-	-	-	-	-
Sales (note 15)	(203 963)	-	-	-	(7 069)	(5 424)	-	-	-	-	(3 511)	(219 967)
Transfers to Aboriginal Housing Office (note 13)	(102 459)	-	-	-	-	-	-	11 856	-	-	-	(90 603)
Return of properties to Aboriginal Housing Office - Bonnyrigg Project	(425)	-	-	-	-	-	-	-	-	-	-	(425)
Transfers from Aboriginal Housing Office (note 8)	1 047	-	-	-	214	-	-	-	-	-	-	1 261
Transfers between classes	(126 523)	86	7 786	-	53 991	-	-	64 479	(632)	546	-	(267)
Transfers to Bonnyrigg Project Company	-	-	-	-	(22 921)	-	-	-	-	-	-	(22 921)
Demolitions (note 15 (ii))	(28 025)	-	-	-	-	-	-	-	-	-	-	(28 025)
Write-off (note 15 (iii))	(5 469)	-	-	-	-	-	-	-	-	(9)	-	(5 478)
Community Housing vested properties (note 13)	(819 303)	-	-	-	-	-	-	(126 353)	-	-	-	(945 656)
Revaluation increment/ (decrement)	(70 309)	(4 163)	-	1 538	28 806	2 263	-	-	-	-	-	(41 865)
Depreciation expense (note 12 excluding intangible assets)	(306 388)	(463)	(35)	(153)	-	-	-	-	(2 496)	(2 539)	(1 986)	(314 060)
Net carrying amount at end of year	30 476 909	47 309	17 845	23 850	257 821	43 741	47 739	508 847	10 484	3 944	10 533	31 449 022

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2012

NOTE 24: CURRENT/NON-CURRENT LIABILITIES – BORROWINGS

			2012	2011
			\$'000	\$'000
Current - unsecured				
State advances – Commonwealth loans			14 602	14 256
NSW Treasury Corporation			1 374	-
Crown Entity (i)			11 155	-
Finance lease - Bonnyrigg			2 244	-
Other			385	368
Total current interest bearing liabilities			29 760	14 624
Non-current - unsecured				
State advances – Commonwealth loans			449 289	463 891
NSW Treasury Corporation			185 222	186 498
Crown Entity (i)			36 027	-
Finance lease - Bonnyrigg			18 606	-
Other			7 415	7 800
Total non-current interest bearing liabilities			696 559	658 189
Total interest bearing liabilities (ii)			726 319	672 813
(i) The Crown Entity assumes long service leave liabilities payable to employees of agencies classified as general government departments.				
In prior year, LAHC disclosed the liability for long service leave as an amount owing to the DFACS.				
In the current year, LAHC has formalised arrangements with the Crown Entity by entering into a loan agreement for the amount of \$58.5 million at an interest rate of 4.75% per annum, payable over 5 years, with the first repayment commencing on 30 June 2012.				
In accordance with LAHC's accounting policy, this borrowing was measured at fair value on initial recognition and subsequently re-measured at amortised cost. On initial recognition, the \$4.4 million difference between the fair value (\$58.5 million) and the carrying amount (\$54.1 million) of the liability was charged against operating results. The re-measurement of this borrowing following initial recognition resulted in a write down of \$1.04 million, which is amortised over the five year life of the borrowing, commencing from 2011 – 12 (\$0.32 million amortisation).				
(ii) The nominal value of borrowings are reconciled to the balance reported in the Statement of Financial Position as follows:				
Nominal values of borrowings			1 074 587	1 028 432
Less: Re-measurement adjustment			(348 268)	(355 619)
Balance reported in Statement of Financial Position			726 319	672 813

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2012

NOTE 24: CURRENT/NON-CURRENT LIABILITIES - BORROWINGS (continued)

(iii) The nominal value of borrowings is expected to be repaid as follows:

	Principal 2012 \$'000	Interest payable from 1 July 2012 \$'000	2012 Total \$'000
Not later than one year	42 450	53 879	96 329
Later than one year but no later than five years	294 260	181 070	475 330
Later than five years	737 877	364 594	1 102 471
Total cash outflow	1 074 587	599 543	1 674 130

	Principal 2011 \$'000	Interest payable from 1 July 2011 \$'000	2011 Total \$'000
Not later than one year	28 539	49 322	77 861
Later than one year but no later than five years	235 574	173 543	409 117
Later than five years	764 319	383 422	1 147 741
Total cash outflow	1 028 432	606 287	1 634 719

Interest payable, excluding interest payable to the Crown Entity, was estimated on the basis of prevailing interest rates as at 30 June 2012. Furthermore, it was assumed that the loans payable to NSW Treasury Corporation will be paid as and when they fall due.

Interest payable on the Crown Entity borrowing represents 4.75% of the unpaid balance of the principal.

(iv) The finance lease liability in respect of the Bonnyrigg project is expected to be repaid as follows:

	Future minimum lease payments 2012 \$'000	Interest 2012 \$'000	Present value of minimum lease payments 2012 \$'000
Not later than one year	5 580	3 336	2 244
Later than one year but no later than five years	16 493	11 518	4 975
Later than five years	27 794	14 163	13 631
Total cash outflow	49 867	29 017	20 850

	Future minimum lease payments 2011 \$'000	Interest 2011 \$'000	Present value of minimum lease payments 2011 \$'000
Not later than one year	6 622	6 568	54
Later than one year but no later than five years	20 012	19 121	891
Later than five years	76 617	42 768	33 849
Total cash outflow	103 251	68 457	34 794

NSW LAND AND HOUSING CORPORATION				
NOTES TO THE FINANCIAL STATEMENTS				
FOR YEAR ENDED 30 JUNE 2012				
NOTE 25: CURRENT/NON-CURRENT LIABILITIES – PROVISIONS				
			2012	2011
			\$'000	\$'000
Current				
Third party claims (ii)(a)			3 852	3 355
Head leasing refurbishments (ii)(b)			942	3 426
Total current provisions			4 794	6 781
Non-current				
Head leasing refurbishments (ii)(c)			202	1 844
Total non-current provisions			202	1 844
Total provisions			4 996	8 625
(i) This provision is an estimate of the LAHC's liability in respect of current insurance and legal claims.				
(ii) In accordance with the terms of certain lease contracts entered into by the LAHC with private sector owners in respect of properties which are sub-let to eligible public housing tenants, the LAHC has a contractual obligation to refurbish these properties. Depending on the contract, the refurbishment must be undertaken either at expiry of the lease or during the fourth or seventh year of the lease term.				
Movement in provisions				
(a) The movement in current provisions for third party claim is as follows:				
Balance, beginning of year			3 355	4 944
Payment			(2 195)	(2 643)
Increase in provision			2 692	1 054
Balance, end of year			3 852	3 355
(b) The movement in current provisions for head leasing refurbishments is as follows:				
Balance, beginning of year			3 426	4474
Payment			(1 185)	(306)
Decrease in provision			(1 299)	(742)
Balance, end of year			942	3 426
(c) The movement in non-current provisions for Headleasing is as follows:				
Balance, beginning of year			1 844	4105
Payment			-	(589)
Decrease in provision			(1 642)	(1 672)
Balance, end of year			202	1 844

NSW LAND AND HOUSING CORPORATION			
NOTES TO THE FINANCIAL STATEMENTS			
FOR YEAR ENDED 30 JUNE 2012			

NOTE 26: INCREASE/(DECREASE) IN NET ASSETS FROM EQUITY TRANSFERS

As stated in Note 1, staff previously employed by DFACS who provided personnel services to the LAHC, specifically in respect of managing the New South Wales Government's housing portfolio, were transferred to DFS on 1 July 2011. Employees who remained with DFACS continue to undertake functions on behalf of DFACS to implement a range of programs to support social and affordable housing and home ownership programs.

During the 2010 – 11 financial year, the financial results arising from the functions undertaken by these two groups of employees were reported by the LAHC. As a result, certain assets and liabilities were transferred from the LAHC to DFACS on 1 July 2011. The value of the net assets transferred were accounted for as a direct charge to equity, in accordance with AASB 1004 *Contributions* and Australian Accounting Interpretation 1038 *Contribution by Owners Made to Wholly – Owned Public Sector Entities*.

Details of the transfer are provided below:

	\$'000		
Cash and cash equivalents	61 378		
Receivables	1 174		
Prepayments	526		
Property, plant and equipment	20 636		
Intangibles	55 271		
Payables	(4 456)		
Net assets transferred	134 529		

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NSW LAND AND HOUSING CORPORATION				
NOTES TO THE FINANCIAL STATEMENTS				
FOR YEAR ENDED 30 JUNE 2012				
NOTE 27: COMMITMENTS FOR EXPENDITURE				
The commitments reported below are inclusive of Goods and Services Tax.				
			2012	2011
			\$'000	\$'000
(i) Capital expenditure (a)				
Aggregate value of capital improvements, including construction contracts and Bonnyrigg project expenditure at the end of the reporting period				
Not later than one year			75 468	257 034
Later than 1 year but not later than 5 years			68 159	82 919
Later than 5 years			91 832	108 048
			235 459	448 001
(ii) Leases - Head leasing (b)				
Aggregate value of lease commitments to the private sector in respect of dwellings used for public housing purposes under LAHC's head leasing program, contracted for at the end of the reporting period and not provided for:				
Not later than one year			39 713	47 587
Later than 1 year but not later than 5 years			21 190	22 541
Later than 5 years			8 602	-
			69 505	70 128
(iii) Leases – Office rent (c)				
Aggregate value of lease commitments to the private sector in respect of office accommodation contracted for at the end of the reporting period and not provided for:				
Not later than one year			-	12 238
Later than 1 year but not later than 5 years			-	13 302
Later than 5 years			-	13 065
			-	38 605
(a) These commitments include costs to complete new properties constructed under the NBESP program that are expected to be vested to community housing providers. GST estimated as \$0.7 million, which relate to these acquisition costs are claimable from the Australian Taxation Office (ATO) when payments are made in respect of these costs. Also included in these commitments are costs that directly relate to LAHC's property portfolio which are used to provide rental accommodation, an input taxed activity. The GST charged when these particular commitments are paid in the future can not be claimed from the ATO.				
(b) These represent rent payable by the LAHC in respect of current leases on properties leased in the private market to supplement housing stock and are sub-let to eligible tenants. As these costs directly relate to the provision of rental accommodation, an input taxed activity, the GST charged when these commitments are paid in the future can not be claimed from the ATO.				
(c) DFACS - Housing is now responsible for the payment of rent on leased premises which are shared with the LAHC. Based on an agreed apportionment methodology, DFACS - Housing charges the LAHC rent for the premises it occupies.				

NSW LAND AND HOUSING CORPORATION				
NOTES TO THE FINANCIAL STATEMENTS				
FOR YEAR ENDED 30 JUNE 2012				

NOTE 28: CONTINGENT LIABILITIES				
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As at the end of the reporting period, LAHC is not aware of any contingent liability, which will materially affect its financial position. However, there are a number of claims totalling \$11.7 million (2011: \$6.2 million), for which the LAHC may be liable.

NOTE 29: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS/(DEFICIT) FOR THE YEAR		
--	--	--

			2012	2011
			\$'000	\$'000
Deficit for the year			(156 125)	(670 976)
Valuation adjustment - borrowings			4 665	13 475
Grants to community groups - vested properties (note 13)			-	945 656
Other non-cash items			(12 205)	(44 475)
Amortisation of prepaid land contribution			504	(19 353)
Loss on sale of assets (note 15(i) (iv))			(624)	(26 098)
Property transfers to Aboriginal Housing Office (note 13)			30 182	90 603
Assets demolished (note 15(ii))			41 933	28 025
Assets written off (note 15(iii))			13 362	5 914
Depreciation and amortisation (note 12)			296 347	323 675
Increase/(decrease) in provision for impairment of receivables			222	(2 940)
Decrease in other provisions			(3 627)	(4 898)
Decrease in payables			(34 097)	(26 714)
(Decrease)/increase in receivables			68 666	(8 519)
Increase in prepaid expenses			(1 760)	(1 006)
Net cash from operating activities			247 443	602 369

Input tax credits of \$23.3 million (2011: \$22.2 million) and GST of \$11.1 million (2011: \$9.6 million) paid on supplies, are included in Other payments and Other receipts in the Statement of Cash Flows.

NOTE 30: NON-CASH FINANCING AND INVESTING ACTIVITIES

During the year, LAHC transferred/received properties to/from the Aboriginal Housing Office amounting to \$30.2 million (2011: \$90.6 million) and \$0.6 million (2011: \$1.3 million), respectively. These investing transactions did not result in cash flows, but affected the assets and liabilities reported in the Statement of Financial Position.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2012

NOTE 31: FINANCIAL INSTRUMENTS

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

The LAHC's main risks arising from financial instruments are outlined below, together with the LAHC's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Corporation has exposure to the following risks from the use of financial instruments:

The LAHC has exposure to the following risks from the use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

Credit Risk

Credit risk arises when there is the possibility of the LAHC's debtors defaulting on their contractual obligations, resulting in a financial loss to the LAHC. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the LAHC, including cash, receivables and authority deposits. No collateral is held by the LAHC.

Credit risk associated with the LAHC's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the NSW government. Investments in term deposits are limited to Treasury Corporations and Australian banks (CBA, NAB, Suncorp, Bankwest, Westpac, ANZ, St George) and Australian subsidiaries of appropriately rated foreign banks (HSBC & ING).

The LAHC's maximum exposure is the carrying amount of financial assets, net of allowance for impairment, as detailed below:

	Government/ Semi- Government \$'000	Banks \$'000	Public Housing Tenants \$'000	Other \$'000	Total \$'000
2012					
Cash and cash equivalents	10 913	18 844	-	118	29 875
Receivables (i)	4 779	-	8 246	18 346	31 371
Other financial assets	-	66 693	-	2 457	69 150
Total assets	15 692	85 537	8 246	20 921	130 396
2011					
Cash and cash equivalents	137 388	24 342	-	28 960	190 690
Receivables (i)	21 290	-	8 073	19 703	49 066
Other financial assets	-	87 017	-	3 944	90 961
Total assets	158 678	111 359	8 073	52 607	330 717

(i) Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).

Cash

Cash comprises cash on hand and bank balances held with the CBA and Westpac. Interest earned on CBA bank account is 50 basis points below the Reserve Bank of Australia's target cash rate. Westpac pays 15 basis points below the 30 days bank bill rate.

NSW LAND AND HOUSING CORPORATION			
NOTES TO THE FINANCIAL STATEMENTS			
FOR YEAR ENDED 30 JUNE 2012			
NOTE 31: FINANCIAL INSTRUMENTS (continued)			
Receivables			
The credit risk for receivables relates to the risk that the LAHC will not receive all amounts owing to it. The extent of credit risk relating to the LAHC's receivables (according to the extent to which impairment is warranted) is disclosed at note 17.			
Objective evidence of impairment exists where the balances of the debtors' accounts are in arrears, and on the basis of past experience, there is a probability that those balances will not be fully recovered. Where individually impaired debts within the type of receivable require different forms of assessment, the impairment for that class reflects the outcomes of these separate assessments.			
No receivables have had their arrears renegotiated to avoid such amounts being regarded as past due.			
i) Rental debtors			
Rental debtors relate to the rental housing assistance provided to people on low-to-moderate income across NSW. These receivables have a high credit risk with no identifiable concentrations of credit risk. The credit quality of debts which are neither past due or impaired is considered to be moderate.			
Arrears management policies and processes are used for managing credit risk associated with these receivables. These policies and procedures include:			
- Speedy follow-up of debtors who fall into arrears via letters, telephone calls, or direct contact.			
- Negotiation of payment arrangement with debtors.			
- Use of debt collection agencies for certain debtors.			
ii) Other debtors			
No identified concentrations of risk exist in relation to the LAHC's other debtors. The credit quality of debts within this category which are neither past due or impaired is assessed to be high. To minimise risk, timely monitoring and management of overdue accounts is conducted, including prompt follow-up of outstanding debts with letters and telephone calls. A debt collection agency is also used for certain debtors.			
Ageing of Financial Assets by Class for Assets Past Due or Impaired (AASB 7 para 37(b)):			
	Past due but not impaired	Considered impaired	Total
	\$'000	\$'000	\$'000
2012			
<3 months overdue	210	10 566	10 776
3 months - 6 months overdue	941	2 203	3 144
> 6 months overdue	-	13 076	13 076
2011			
< 3 months overdue	6 185	8 396	14 581
3 months - 6 months overdue	1 631	5 875	7 506
> 6 months overdue	-	14 870	14 870
iii) Mortgage Assistance Scheme (MAS)			
The Mortgage Assistance Scheme provides short-term help for people experiencing temporary difficulties with their home loan repayments because of an unavoidable change in circumstances. Mortgage assistance is not a grant but a loan to be repaid at a future time.			
Mortgage assistance is provided as a loan which is paid directly to the home lender. The loan is usually payment of home loan arrears and/or subsidy towards the home loan repayments of the debtor. The LAHC lodges a caveat on the property to protect its interests.			

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2012

NOTE 31: FINANCIAL INSTRUMENTS (continued)

The table below summarises the maturity profile of the LAHC's financial liabilities, together with the interest rate exposure.

Maturity Analysis and interest rate exposure of financial liabilities

			Interest Rate Exposure			Maturity Dates		
	Weighted							
	Average	Nominal	Fixed	Variable	Non-interest			
	Effective	Amount	Interest	Interest	bearing			
2012	Int. Rate		Rate	Rate		< 1 yr	1-5 yrs	> 5 yrs
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payables:								
Accrued salaries, wages and on-costs	-	12 617	-	-	12 617	12 617	-	-
Trade creditors	-	26 199	-	-	26 199	26 199	-	-
Accrued operating expenditure	-	35 580	-	-	35 580	35 580	-	-
Accrued capital expenditure	-	65 383	-	-	65 383	65 383	-	-
Other	-	57 426	-	-	57 426	57 426	-	-
Borrowings:								
TCorp borrowings								
MRP Loan	5.90	199 053	199 053	-	-	9 065	132 039	57 949
OCH Loan	9.71	33 397	33 397	-	-	2 365	31 032	-
Commonwealth loans	4.53	1 317 613	1 317 613	-	-	65 149	251 890	1 000 574
Crown Entity	4.75	53 721	53 721	-	-	13 430	40 291	-
Finance Lease	-	59 117	-	-	59 117	5 580	17 139	36 398
Other	4.64	11 230	11 230	-	-	740	2 940	7 550
Total		1 871 336	1 615 014	-	256 322	293 534	475 331	1 102 471

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities, therefore the amounts disclosed above may not reconcile to the Statement of Financial Position.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2012

NOTE 31: FINANCIAL INSTRUMENTS (continued)

Maturity Analysis and interest rate exposure of financial liabilities

	Interest Rate Exposure					Maturity Dates		
	Weighted Average Effective Int. Rate %	Nominal Amount \$'000	Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non-interest bearing \$'000	< 1 yr \$'000	1-5 yrs \$'000	> 5 yrs \$'000
2011								
Payables:								
Accrued salaries, wages and on-costs	-	88 573	-	-	88 573	76 609	-	11 964
Trade creditors	-	7 918	-	-	7 918	7 918	-	-
Accrued operating expenditure	-	87 659	-	-	87 659	87 659	-	-
Accrued capital expenditure	-	225 138	-	-	225 138	225 138	-	-
Finance Lease	-	34 794	-	-	34 794	54	892	33 849
Other	-	12 177	-	-	12 177	12 177	-	-
Borrowings:								
TCorp borrowings								
MRP Loan	6.20	203 407	203 407	-	-	37 860	88 128	77 419
OCH Loan	9.71	35 762	35 762	-	-	2 365	33 397	-
Commonwealth loans	4.53	1 383 509	1 383 509	-	-	65 896	255 573	1 062 041
Other	4.63	12 041	12 041	-	-	740	3 020	8 281
Total		2 090 978	1 634 719	-	456 259	516 416	381 010	1 193 554

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities, therefore the amounts disclosed above may not reconcile to the Statement of Financial Position.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2012

NOTE 31: FINANCIAL INSTRUMENTS (continued)

a) Interest rate risk

The analysis below details the LAHC's exposure to market risk for changes in interest rates.

	Weighted Average		Floating Interest rate		Fixed Interest Rate Maturing						Non-interest		Total	
	Effective Interest Rate				Within 1 year		1 to 5 years		Over 5 years		Bearing		Total	
	%		\$'000		\$'000		\$'000		\$'000		\$'000		\$'000	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Financial assets														
Cash on hand and at bank	3.99	4.52	18 844	24 341	-	-	-	-	-	-	118	28 960	18 962	53 301
Hour Glass	4.07	5.23	10 913	137 389	-	-	-	-	-	-	-	-	10 913	137 389
Total cash			29 757	161 730	-	-	-	-	-	-	118	28 960	29 875	190 690
Receivables			-	-	-	-	-	-	-	-	31 371	49 066	31 371	49 066
Other financial assets														
Short term	5.92	5.92	54	52	66,693	87,180	-	-	-	-	630	503	67 377	87 735
Medium term	-	-	-	-	-	-	-	830	-	-	1,773	2 396	1 773	3 226
Total financial assets			29 811	161 782	66 693	87 180	-	830	-	-	33 892	80 925	130 396	330 717
Financial liabilities														
Payables					-	-	-	-	-	-	197 204	421 465	197 204	421 465
Finance Lease					2 244	54	4 890	892	22 966	33 849	-	-	30 100	34 795
Interest Payment					53 879	55 890	181 070	192 664	364 594	426 190	-	-	599 543	674 744
Borrowings														
Concessional loans	3.50	3.50			767	741	3 344	3 231	-	880	-	-	4 111	4 852
Concessional loans	3.63	3.63			213	206	933	901	168	414	-	-	1 314	1 521
Concessional loans	4.00	4.00			7 640	8 104	25 731	27 907	64 595	70 059	-	-	97 966	106 070
Concessional loans	4.25	4.25			3 738	3 585	16 608	15 931	15 060	19 475	-	-	35 406	38 991
Concessional loans	4.38	4.38			548	525	867	1 415	-	-	-	-	1 415	1 940
Concessional loans	4.40	4.40			688	659	3 070	2 941	4 789	5 607	-	-	8 547	9 207
Concessional loans	4.50	4.50			10 527	10 034	47 588	45 337	474 500	487 278	-	-	532 615	542 649
Concessional loans	5.00	5.00			3 721	3 543	16 838	16 036	91 579	96 102	-	-	112 138	115 681
Concessional loans	5.50	5.50			21	20	98	93	273	300	-	-	392	413
Concessional loans	6.00	6.00			1 188	1 121	5 508	5 196	13 123	14 623	-	-	19 819	20 940
State advances	4.75				11 155	-	36 744	-	-	-	-	-	47 899	-
Commercial loans	5.90	6.20			-	29 000	106 978	63 255	51 554	69 582	-	-	158 532	161 837
Commercial loans	9.71	9.71			-	-	24 331	24 331	-	-	-	-	24 331	24 331
Total financial liabilities			-	-	96 329	113 482	474 598	400 130	1 103 201	1 224 359	197 204	421 465	1 871 332	2 159 436

NSW LAND AND HOUSING CORPORATION				
NOTES TO THE FINANCIAL STATEMENTS				
FOR YEAR ENDED 30 JUNE 2012				
NOTE 31: FINANCIAL INSTRUMENTS (continued)				
b) Other price risk – TCorp Hour Glass facilities				
Exposure to 'other price risk' primarily arises through investments in the TCorp Hour Glass facilities, which are held for strategic rather than trading purposes. The LAHC has no direct equity investments. The LAHC holds units in the following Hour Glass investment trust:				
Facility	Investment Sectors	2012 \$'000	2011 \$'000	
Cash facility	Cash, money market instruments	10 913	137 307	
The unit price of the facility is equal to the total fair value of net assets held by the facility divided by the total number of units on issue for that facility. Unit prices are calculated and published daily.				
NSW TCorp as trustee for the Hour Glass Cash Facility is required to act in the best interest of the unit holders and to administer the trust in accordance with the trust deed. As trustee, TCorp has appointed external managers to manage the performance and risks of the facility in accordance with a mandate agreed by the parties. However, TCorp acts as a manager for part of the Cash Facility. A significant portion of the administration of the TCorp facilities are outsourced to an external custodian.				
NSW TCorp provides sensitivity analysis information, using historically based volatility information collected over a ten-year period. TCorp Hour Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity).				
	Impact on profit/loss			
	Change in unit price			
Hour Glass Investment - Cash facility	+/-1%	109	1 373	
TCorp has advised that a reasonable possible change is based on the percentage change in unit price multiplied by the redemption price as at 30 June each year.				

c) Interest rate sensitivity analysis for fixed and variable rate instruments

Exposure to interest rate risk arises primarily through the LAHC's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp. The LAHC does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale. Therefore, for these financial instruments a change in interest rate would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The LAHC's exposure to interest rate risk is set out below.

[illegible]

NSW LAND AND HOUSING CORPORATION				
NOTES TO THE FINANCIAL STATEMENTS				
FOR YEAR ENDED 30 JUNE 2012				
NOTE 31: FINANCIAL INSTRUMENTS (continued)				
(e) Fair value recognised in the statement of financial position				
The LAHC uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:				
<ul style="list-style-type: none"> • Level 1 - Derived from quoted prices in active markets for identical assets / liabilities. • Level 2 - Derived from inputs other than quoted prices that are observable directly or indirectly. • Level 3 - Derived from valuation techniques that include inputs for the asset / liability not based on observable market data (unobservable inputs) 				
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
2012				
Financial assets at fair value				
Short term	-	128 622	-	128 622
Other	-	1 773	-	1 773
Total assets at fair value	-	130 395	-	130 395
There were no transfers between level 1 and 2 during the year ended 30 June 2012.				
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
2011				
Financial assets at fair value				
Short term	-	327 492	-	327 492
Other	-	3 226	-	3 226
Total assets at fair value	-	330 718	-	330 718
NOTE 32: AFTER BALANCE DATE EVENTS				
There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the LAHC.				
END OF AUDITED FINANCIAL STATEMENTS				

LAHC Appendices

Appendix 1 Accounts payable performance	138
Appendix 2 Annual report preparation	139
Appendix 3 Consultants	139
Appendix 4 Consumer response	140
Appendix 5 Credit card certification	140
Appendix 6 Disclosure of controlled entities	140
Appendix 7 Employment and equal opportunity statistics	140
Appendix 8 Funds granted to non-government community organisations	141
Appendix 9 Government Information (Public access) statistics	141
Appendix 10 Investment performance	144
Appendix 11 Land disposal	145
Appendix 12 Legislation administered and legal change	145
Appendix 13 Liability management performance	146
Appendix 14 Overseas travel	146
Appendix 15 Public interest disclosures	146
Appendix 16 Research and development	146
Appendix 17 Senior Executive Service performance	146
Appendix 18 Significant judicial decisions	147
Appendix 19 Waste Reduction and Purchasing Policy	147
Appendix 20 NSW Land and Housing Corporation Office	148

Appendix 1 Accounts payable performance

Aged analysis at the end of each quarter

Quarter	Current (i.e. within due date) \$'000	Less than 30 days overdue \$'000	Between 30 and 60 days overdue \$'000	Between 61 and 90 days overdue \$'000	More than 90 days overdue \$'000
All suppliers					
September 2011	30,164	1,393	366	9	0
December 2011	2,136	0	0	0	0
March 2012	10,110	129	1,008	0	0
June 2012	10,992	290	0	0	0
Small business suppliers¹					
March 2012	78	0	0	0	0
June 2012	1,028	1	2	0	0

1. Under Treasury Circular NSW TC 11/12 Payment of Accounts, the new payment of accounts policy for small business suppliers was implemented from 1 January 2012. Information regarding small business suppliers is therefore only available for the March and June 2012 quarters.

Accounts due or paid within each quarter

Measure	September 2011	December 2011	March 2012	June 2012
All suppliers				
Number of accounts due for payment	208,540	203,752	189,106	169,347
Number of accounts paid on time	197,856	198,755	177,686	158,616
Actual percentage of accounts paid on time (based on number of accounts)	94.9%	97.5%	94.0%	93.7%
Dollar amount of accounts due for payment	\$582,971,844	\$432,919,279	\$360,188,366	\$363,663,373
Dollar amount of accounts paid on time	\$477,758,353	\$365,548,578	\$310,916,474	\$343,734,252
Actual percentage of accounts paid on time (based on \$)	82.0%	84.4%	86.3%	94.5%
Number of payments for interest on overdue accounts	0	0	0	0
Interest paid on overdue accounts	0	0	0	0
Small business suppliers¹				
Number of accounts due for payment to small businesses			1,417	2,625
Number of accounts due to small businesses paid on time			1,388	2,617
Actual percentage of small business accounts paid on time (based on number of accounts)			98.0%	99.7%
Dollar amount of accounts due for payment to small businesses			\$892,263	\$4,229,590
Dollar amount of accounts due to small businesses paid on time			\$855,943	\$4,216,203
Actual percentage of small business accounts paid on time (based on \$)			95.9%	99.7%
Number of payments to small businesses for interest on overdue accounts			0	0
Interest paid to small businesses on overdue accounts			0	0

1. Under Treasury Circular NSW TC 11/12 Payment of Accounts, the new payment of accounts policy for small business suppliers was implemented from 1 January 2012. Information regarding small business suppliers is therefore only available for the March and June 2012 quarters.

Appendix 2 Annual report preparation

The total external editing cost incurred in the production of the 2011/12 annual report was \$11,000 (+GST). The printing and binding costs are included in the total of DFS' printing and binding costs.

The report is also available in PDF on DFS website www.services.nsw.gov.au.

Appendix 3 Consultants

Engagements under \$50,000

Category	Number of engagements	Expenditure
Management Services	1	\$29,520
Total engagements under \$50,000		\$29,520

There were no consultancies costing over \$50,000.

Appendix 4 Consumer response

During 2011/12, the Client Feedback Unit at DFACS–Housing managed collection of consumer response data for the LAHC. The information collected is valuable in helping us to improve our service delivery.

Clients can contact the Unit on 1300 HOUSING (1300 468 746) between 8.30 am and 4.30 pm Monday to Friday (excluding public holidays) or send written feedback by post, fax or email to feedback@facs.nsw.gov.au.

Category	2010-11		2011-12	
	Number	%	Number	%
Contractors feedback	94	1.0	24	0.5
Combination of LAHC and Housing NSW				
Complaints	6,440	69.0	4,398	82.6
Compliments	385	4.1	445	8.3
General enquiries	2,346	25.1	428	8.0
Suggestions	44	0.5	32	0.6
Other	24	0.3	0	0
Total	9,333	100	5,327	100

While all contractors' feedback relates to the LAHC exclusively, the complaints, compliments, general enquiries, suggestions and other relates to feedback received for both the LAHC and DFACS–Housing.

We reviewed existing process and procedures and put mechanisms in place to isolate asset-related feedback for the next reporting period.

Appendix 5 Credit card certification

Credit card use by LAHC staff was in accordance with NSW Government guidelines.

Appendix 6 Disclosure of controlled entities

The LAHC did not have a controlling interest in any entity for the financial year ended 30 June 2012.

Appendix 7 Employment and equal opportunity statistics

Number of DFS' employees providing services to the LAHC

Employment Category	At 30 June 2011	At 30 June 2012 ¹
Permanent	2,054	481
Temporary	416	47
Senior Executive	12	4
Casual	0	0
Other	3	3
Total	2,485	535

1. The figures reported in this table reflect the effect of staff number reduction for the LAHC effective from 1 July 2011 when functions previously undertaken by the LAHC were split between the LAHC and DFACS–Housing.

Number of executive positions

Senior Executive Service positions by level	At 30 June 2010	At 30 June 2011	At 30 June 2012 ¹
8	2	2	0
7	2	3	0
6	2	3	0
5	12	10	1
4	20	26	3
3	26	21	0
2	4	3	0
1	0	0	0
Total	68	68	4
Positions filled by women	35	33	1

1. The figures reported in this table reflect the effect of staff number reduction for the LAHC effective from 1 July 2011 when functions previously undertaken by the LAHC were split between the LAHC and DFACS–Housing.

Equal Employment Opportunity (EEO)

At the end of June 2012, 535 staff employed by DFS provided personnel services to the LAHC. Of these, 33.5 % were female and 66.5% male.

Four employees were of Aboriginal/Torres Strait Islander descent.

Sixty-five employees belonged to a racial, ethnic or ethno-religious minority group.

Major EEO outcomes in 2011/12

Multicultural staff initiatives included:

- Implementing the Ready, Willing and Able program
- Following up staff to ensure that they provided their EEO details for planning purposes
- Providing input to DFS' EEO strategies and initiatives

Strategies for 2012/13

The LAHC will continue to implement DFS' EEO strategies and diversity initiatives.

LAHC staff are employees of DFS. Therefore, the representation and distribution of LAHC's EEO Groups are incorporated in DFS' trend tables. Refer to Appendix 9.7 in DFS' annual report.

Appendix 8 Funds granted to non-government community organisations

The LAHC does not grant funds to non-government community organisations.

Appendix 9 Government Information (Public access) statistics

The LAHC received three access applications under the *Government Information (Public Access) Act 2009* (the GIPA Act) in 2011/12. Additionally, the Information Commissioner reviewed one application under Part 5 of the Act.

Statistical information as described in Schedule 2 of the GIPA Regulation 2009 is provided below.

Table A. Number of applications by type of applicant and outcome¹

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	0	0	1	0	0	0	0	0
Members of the public (other)	0	2	0	0	0	0	0	0

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

Table B. Number of applications by type of application and outcome

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

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

Table C. Invalid applications

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

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

	Number of times consideration used ¹
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

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

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

	Number of occasions when application not successful
Responsible and effective government	2
Law enforcement and security	0
Individual rights, judicial processes and natural justice	1
Business interests of agencies and other persons	2
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Table F. Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	0
Decided after 35 days (by agreement with applicant)	3
Not decided within time (deemed refusal)	0
Total	3

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

	Decision varied	Decision upheld	Total
Internal review	0	1	1
Review by Information Commissioner ¹	1	0	1
Internal review following recommendation under section 93 of Act	0	0	0
Review by Administrative Decisions Tribunal	0	0	0
Total	1	1	2

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

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

	Number of applications for review
Applications by access applicants	3
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

Appendix 10 Investment performance

The LAHC derives its investment powers from Part 2, Schedule 4 of the *Public Authorities (Financial Arrangements) Act 1987* as amended. During the year, we continued to invest surplus cash flows in the NSW Treasury Corporation (TCorp) Hour Glass Investment facilities and money market facilities with appropriately rated Australian banks. The rate of return on these investments was 5.35% compared to TCorp Hour Glass rate 4.07 %.

Housing Reserve Fund

The Housing Reserve Fund forms part of the LAHC. Short-term funds in the Housing Reserve Fund were invested with appropriately rated Australian banks and Australian subsidiaries of foreign banks. The rate of return was 5.92% compared to TCorp Hour Glass rate 4.07%.

Appendix 11 Land disposal

Proceeds from the sale of LAHC properties were either used to support operations or reinvested in housing projects.

Properties were sold because they were inappropriately located to best serve housing needs, were deemed unsuitable for the needs of clients, or were uneconomical to maintain, repair or redevelop.

In some cases, under the community regeneration initiative, it was necessary to reduce the concentration of public housing on estates by integrating private housing with social housing. In other cases, public housing tenants applied to purchase their homes.

There was no sale of property with a value greater than \$5 million in 2011/12. Access to documents relating to land disposal may be obtained under the GIPA Act. For more information, go to www.services.nsw.gov.au.

Appendix 12 Legislation administered and legal change

Principal Acts administered

- *Housing Act 2001* No 52, section 6
- *Housing Act 2001* No 52 other than section 6 administered jointly with the Minister for Family and Community Services

Amendments to legislation and regulations

- *Residential Tenancies Act 2010* No 42
Amended section 58E of the *Housing Act 2001* No 52 by omitting 'Part 5 of the *Residential Tenancies Act 1987* does' and inserting instead 'Parts 5-7 of the *Residential Tenancies Act 2010* do'
- *Personal Property Securities Legislation Amendment Act 2010* No 57
Amended section 69B of the *Housing Act 2001* No 52 by omitting section 69B(1)(e). This has the effect of omitting a reference to the Registrar of Interests in Goods kept under the *Registration of Interests in Goods Act 1986* that became outdated on the repeal of that Act by the *Personal Property Securities (Commonwealth Powers) Amendment Act 2009*.
- *Business Names (Commonwealth Powers) Act 2011* No 44
Amended section 69B of the *Housing Act 2001* No 52 by omitting section 69B(1)(c)
- *Allocation of the Administration of Acts* version for 5 October 2011
Section 6 of the *Housing Act 2001* No 52 was allocated solely to the Minister for Finance and Services. This means that the LAHC is under the control and direction of the Minister for Finance and Services.
- *Public Sector Employment and Management (General) Order 2011* made on 5 October 2011
A reference in section 6 of the *Housing Act 2001* No 52 to the Director-general (within the meaning of that Act) is to be construed as a reference to the Director-General of DFS. This means that the affairs of the LAHC are under the administration of the Director-General of DFS and anything done in the name of or on behalf of the LAHC by the Director-General of DFS is deemed to have been done by the LAHC.
- *Public Sector Employment and Management (Mental Health Commission and Other Matters) Order 2012*

The reference in section 17 of the *Housing Act 2001* No 52 to the Department (within the meaning of that Act) is to be construed as a reference to DFS. This enables the Annual Report of the LAHC to be included as a subsection of the annual Report of DFS.

Appendix 13 Liability management performance

As at 30 June 2012, the nominal value of the LAHC debt portfolio was \$1,074 million. This comprises \$806 million in advances from the Australian Government, \$47 million in advances from the NSW Government, \$183 million in loans payable to TCorp and \$38 million in loans from other sources.

The LAHC retained the services of TCorp to manage the tradable portion of the debt portfolio.

For compliance purposes, the LAHC's interest rate risk policy is measured in terms of modified duration. The modified duration of the total debt portfolio is compared to the modified duration of the core/benchmark debt portfolio calculated by TCorp. The permitted modified duration range is +/-0.20 (see table below).

During 2011/12, the LAHC borrowed \$58 million from the NSW Government and repaid \$41 million of its debts (\$28 million to the Australian Government, \$11 million to the NSW Government and \$2 million to TCorp).

Debt performance

Modified duration	Total portfolio	Core/benchmark	Net position long/(short)
30 June 2012	4.24	3.81	0.43

Appendix 14 Overseas travel

No LAHC staff travelled overseas on official business in 2011/12.

Appendix 15 Public interest disclosures

In January 2012, the *Public Interest Disclosures Regulation 2011* required annual report disclosure on the number of public interest disclosures. For the period January to June 2012, no LAHC officials made public interest disclosures.

As staff are employees of DFS, the LAHC adopted and adhered to DFS' Fraud and Corruption Internal Reporting Policy. All staff were advised of this policy by means of an introduction by the Director-General of DFS via a pod-cast, brochures and training for senior management and nominated disclosure officers. Further training is planned for remaining staff in the future.

Appendix 16 Research and development

The LAHC did not undertake any research and development projects during the year ended 30 June 2012.

Appendix 17 Senior Executive Service performance

Ken Kanofski

Executive Director, Housing and Property Group, SES 5

Remuneration package: \$ 315,300

Period in position: commenced with the LAHC on 10 October 2011.

2011-12 highlights:

- Implemented the Machinery of Government changes arising from the 2011/12 administrative restructure by reallocating functions between the LAHC and DFACS–Housing
- Successfully managed the transition of staff, assets and finances with no interruption to service delivery
- Completed a review of vesting dwellings to the community housing sector
- Completed an initial review of the financial sustainability of the LAHC

Appendix 18 Significant judicial decisions

There were no significant judicial decisions impacting on the LAHC.

Appendix 19 Waste Reduction and Purchasing Policy

The LAHC is committed to implementing Waste Reduction and Purchasing Policy (WRAPP) initiatives that reduce waste generation, increase resource recovery and use materials with recycled content.

We have a corporate waste target to achieve 63% resource recovery of waste generated by 2014. A comprehensive waste audit of the Ashfield head office in 2011 identified that 44% of waste generated is being recovered. The average total waste and recycling generated per employee per day was 0.282kg.

A Green Waste Guide was developed for maintenance contractors to identify options to reuse and recycle green waste from grass mowing and tree pruning. In 2012/13 contractors will trial the onsite reuse and recycling of green waste as part of lawns and grounds maintenance.

The LAHC upgraded recycling infrastructure in two unit buildings under a partnership with the NSW Office of Environment and Heritage and Blacktown, Campbelltown and Wollongong City councils to improve resource recovery in social housing multi-unit dwellings. We also assisted councils deliver waste education programs to help social housing residents improve recycling rates.

The LAHC purchases office paper with a minimum 50% recycled content. Office paper consumption has also reduced through the implementation of electronic document management systems.

We will continue to drive sustainability initiatives across the organisation through our Environmental Sustainability Strategy. Specific actions relating to waste management include:

- Encourage the use of materials and products with recycled content in the maintenance, construction and upgrade of dwellings
- Support contractors to reduce carbon emissions and resource use, prevent and avoid waste, increase resource recovery and use of secondary materials
- Partner with local councils and social housing residents to improve resource recovery and prevent illegal dumping through improved waste and recycling facilities and education
- Incorporate environmental sustainability principles and requirements into the procurement of services, new purchases and to the disposal of physical assets

Appendix 20 NSW Land and Housing Corporation Office

NSW Land and Housing Corporation
223-239 Liverpool Road
Ashfield NSW AUSTRALIA 2131

Tel: (02) 8753 8000

Fax: (02) 8753 8888

Hours: Mon to Fri 8.30 am – 4.30 pm

Post: Locked Bag 4001

Ashfield BC NSW 1800

www.services.nsw.gov.au

LAHC Compliance Checklist

	Section	Page
Access	Appendix 20 NSW Land and Housing Corporation Office	148
Additional matters for inclusion in annual reports		
• PPIPA	Corporate Governance – Accessing NSW Land and Housing Corporation Information	84
• Annual report production cost and availability	Appendix 2 Annual report preparation	139
Aims and objectives	NSW Land and Housing Corporation – our objectives, what we do, our clients and other stakeholders	70
Budgets	NSW Land and Housing Corporation – our performance (financial summary)	72
Charter	NSW Land and Housing Corporation – who we are	70
Consultants	Appendix 3 Consultants	139
Consumer response	Appendix 4 Consumer response	140
Credit card certification	Appendix 5 Credit card certification	140
Disability plans	People and Organisations – Equity and diversity	77
Disclosure of controlled entities	Appendix 6 Disclosure of controlled entities	140
Equal employment opportunity	Appendix 7 Employment and equal opportunity statistics	140
Financial Statements	Financial Statements	84
Funds granted to non-government community organisations	Appendix 8 Funds granted to non-government community organisations	141
Government Information (Public Access) Act 2009	Corporate Governance – Accessing NSW Land and Housing Corporation Information Appendix 9 Government Information (Public Access) Statistics	84 141
Human resources	People and Organisations – Employment relations policies and practices Appendix 7 Employment and equal opportunity statistics	77 140
Identification of audited financial statements	Financial Statements	84
Internal audit and risk management policy attestation	Corporate Governance – Internal audit and risk management attestation	83
Investment performance	Appendix 10 Investment performance	144
Land disposal	Appendix 11 Land disposal	145
Legal change	Appendix 12 Legislation administered and legal change Appendix 18 Significant judicial decisions	145 147

	Section	Page
Letter of submission	Letter of submission	67
Liability management performance	Appendix 13 Liability management performance	146
Management and activities	NSW Land and Housing Corporation – highlights of the year, our performance	71
Management and structure	Corporate Governance – management and structure	79
Multicultural policies and services program (formerly EAPS)	People and Organisations – Equity and diversity	77
Occupational Health and Safety	People and Organisations – Employment relations policies and practices	77
Payment of accounts	Appendix 1 Accounts payable performance	138
Performance and numbers of executive officers	Appendix 7 Employment and equal opportunity statistics Appendix 17 Senior Executive Service Performance	140 146
Promotion	Appendix 14 Overseas travel	146
Public interest disclosures	Appendix 15 Public interest disclosures	146
Requirements arising from employment arrangements	People and Organisation Corporate Governance Appendix 7 Employment and equal opportunity statistics Appendix 17 Senior Executive Service Performance	76 79 140 146
Research and development	Appendix 16 Research and development	146
Risk management and insurance activities	Corporate Governance – Risk Management and Insurance	83
Summary review of operations	NSW Land and Housing Corporation – highlights of the year, our performance	71
Waste	Appendix 19 Waste reduction and purchasing policy	147

7.6 Office of the Valuer-General Report

The Valuer-General, Philip Western, is an independent statutory officer appointed by the Governor of New South Wales to oversee the valuation system. The Valuer-General sets the standards for the provision of a world class valuation system. The Valuer-General is responsible for:

- The provision of fair, accurate and consistent land values for rating and taxing purposes under the *Valuation of Land Act 1916*
- The determination of compensation following the compulsory acquisition of land under the *Land Acquisition (Just Terms Compensation) Act 1991*
- The provision of specialist valuation and property advice to government

Vision

The Valuer-General is committed to providing a valuation system that meets the needs of our community which includes landowners, members of the public, ratepayers, land tax clients and state and local government.

The Valuer-General's vision is to ensure the delivery of valuation services that are customer focused, delivering valuations that are fair, consistent, timely and provide value for money.

Outcomes

- Accurate and consistent land values
- A quality, cost effective valuation process

- An open and transparent valuation system
- Continuous improvement in processes and outcomes
- A quality valuation service achieving recognised quality standards and international benchmarks
- Regular consultation and open communication with our stakeholders
- Improved communication with all stakeholders including members of the public
- The provision of professional leadership and stewardship to the valuation industry by the Valuer-General

Valuations

There are approximately 2.4 million land valuations produced annually in New South Wales. Land value reflects the market value of the land as at 1 July in the year of valuation and is based on the land being vacant. Most land in NSW is valued using the mass valuation approach, where properties are valued in groups called components. The properties in each component are similar or are expected to reflect changes in value in a similar way. Each valuation is recorded in the Register of Land Values. The total land value for New South Wales as at 1 July 2011 was approximately \$978 billion. The overall average cost per valuation for this financial year is \$15.43.

The Valuer-General provides land values to local councils for rating purposes and the Office of State Revenue for managing land tax, as well as a number of other government agencies. Land values are provided electronically to councils and the Office of State Revenue. The Valuer-General issues landowners with a Notice of Valuation when the local council receives new land values for rating purposes.

The following table shows the local government areas that received new land values for rating purposes as at 1 July 2011 and the number of Notices of Valuation issued to landowners in each local government area between January and February 2012 totalling 876,761.

Local government area	Number of Notices of Valuation issued	Local government area	Number of Notices of Valuation issued
Albury	20,691	Hunters Hill	3,729
Ballina	14,449	Ku-ring-gai	33,481
Balranald	1,595	Lachlan	4,336
Bathurst Regional	17,076	Leichhardt	17,837
Blacktown	96,735	Liverpool	51,631
Blayney	3,870	Maitland	27,763
Bogan	2,019	Manly	9,723
Boorowa	1,947	Mid Western Regional	12,705
Bourke	2,046	Moree Plains	6,978
Cabbone	7,056	Mosman	6,902
Canterbury	33,181	Narrabri	6,975
Central Darling	1,859	Richmond Valley	10,072
Cobar	3,152	Shoalhaven	55,737
Coffs Harbour	26,407	Sutherland	60,458
Cowra	7,363	The Hills Shire	53,380
Eurobodalla	23,619	Tumbarumba	2,588
Gloucester	3,245	Tweed	29,572

Local government area	Number of Notices of Valuation issued	Local government area	Number of Notices of Valuation issued
Goulburn Mulwaree	14,207	Upper Hunter	7,507
Great Lakes	23,493	Uralla	2,942
Gundagai	2,581	Walgett	5,140
Harden	2,470	Warrumbungle	6,302
Hawkesbury	23,288	Wentworth	3,856
Hay	2,033	Wollondilly	16,528
Hornsby	46,470	Wyong	59,767

Land and Property Information

Land and Property Information (LPI) manage the valuation system on behalf of the Valuer-General. LPI provide a range of valuation services including the management of customer service and provision of information to stakeholders, management of valuation contracts, the provision of information to contract valuers, the objection review process as well as auditing and ensuring the quality of land values and the day to day management of valuations completed under the *Land Acquisition (Just Terms Compensation) Act 1991*.

LPI's services to the Valuer-General are formalised through a service level agreement which is reviewed regularly to ensure robust reporting against key performance indicators and continuous improvement of the valuation system. A review is currently underway to ensure effective and improved risk identification and mitigation for the valuation system.

Governance

The Valuer-General reports administratively to the Minister for Finance and Services and the Director-General, Department of Finance and Services.

Parliamentary Committee

The Joint Committee on the Office of the Valuer-General was first established in the 53rd Parliament in July 2003. The committee was re-established in the 54th Parliament and operated until the end of the 54th Parliament. The Joint Committee on the Office of the Valuer-General was re-established in the 55th Parliament on the 22nd of June 2011.

The committee monitors and reviews the exercise of the Valuer-General's functions with respect to land valuations. In particular, the committee can monitor valuation methodologies, the arrangements under which valuation contracts are negotiated and entered into, and the standard of valuation services provided under such contracts.

The committee comprises five members.

Land Valuation Advisory Group

The Land Valuation Advisory Group was established as a result of the recommendations of the "Report of Inquiry into Operation of the Valuation of Land Act", October 1999 (the Walton Report). The group includes senior representatives of the property industry and stakeholders comprising of the Real Estate Institute of NSW, Australian Property Institute, Local Government and Shires Association, Property Council of Australia and Office of State Revenue.

The group met twice during the year. Principal matters for consideration were:

- The review and adoption of new terms of reference
- The ongoing parallel valuation project

- Valuation improvement
- Valuation methodologies
- Measures of consistency, accuracy and equity

Structure of the Office of the Valuer-General

The Office of the Valuer-General is comprised of the Valuer-General and four permanent staff.

Report on performance

Communication

The Valuer-General has implemented a communication strategy that is open, transparent and informative. Feedback and discussion from stakeholders is actively sought.

Feedback from stakeholders resulted in the development of an additional Valuer-General's newsletter for landowners in local government areas where councils are using new land values for rating purposes. The first edition of this additional version of the newsletter was issued in July 2011. Follow up feedback from councils has resulted in the ongoing production of this newsletter in addition to the standard Valuer-General's newsletter.

Enhanced information on the website and a new fact sheet on the compulsory acquisition of land by state and local government agencies under the *Land Acquisition (Just Terms Compensation) Act 1991* were published during the year.

Customer service

The Valuer-General continues to focus on improving service to landowners and other stakeholders. Ongoing internal monitoring of performance continues to show improvements in customer service including responding to customer enquiries and reducing objection processing times.

The project to improve the ease of use and availability of information for the online objection facility was completed in 2011. Monitoring shows an increasing trend towards the use of the online facility.

Land Value Verification Project

The verification project provides for the individual review of land values and attributable data for all properties in New South Wales. It was initially implemented on 1 May 2006 as part of the drive to enhance the quality of land values. This initial project ran for a five year period.

The project is being continued from 2012 to 2018 but has been enhanced through a risk based approach which considers the complexity and nature of the property to determine the timeframe for verification. Over the six year period of the project all land values in NSW will be reviewed. The ongoing verification project will ensure the continued improvement in the quality of land values.

Complex land value improvement program

In November 2011 a program commenced to improve the quality and consistency of land values for complex properties. The program identified the types of properties that due to their complexity or lack of market evidence require more detailed consideration and review. The property types include but are not limited to, shopping centres, contaminated land, waterfront land subject to Crown lease or licence, marinas and land affected by heritage restrictions.

The property types selected under the program will be subject to increased review and quality assurance. The program is ongoing with an initial period of three years to allow for review and subsequent forward planning. The overall objective is to not only improve the quality of the valuations but to also increase the knowledge and data to support these valuations.

Research and innovation

Aligned with the commitment to improve the NSW valuation system, the Valuer-General has commissioned Associate Professor John Macfarlane from the University of Western Sydney (UWS) to provide independent and impartial advice on improving the quality of land values for rating and taxing purposes in NSW. Work undertaken in the past 12 months has included analysis of 1 July 2011 land values and objection outcomes, ongoing research and development of an automated valuation model and independent analysis of the overall quality of land values through statistical measures.

A pilot study for the electronic delivery of land values for large landowners was successfully undertaken for 1 July 2011 land values. Development towards electronic delivery of land values for large landowners continues.

Valmap

Valmap is the primary spatial tool used to assist in determining land values. It was deployed in 2005 to allow for the spatial representation of approximately 2.5 million properties stored in the Valnet database through aerial photography, cadastral, topographic information and satellite imagery. With recent enhancements, Valmap will now include datasets on contaminated lands, Crown tenures, mining leases and state and local government planning instruments.

Valmap assists in improving valuation quality and consistency through the ability to view valuations and component structures across all local government areas.

Commonwealth Heads of Valuation Agencies Conference

The NSW Valuer-General successfully hosted the Commonwealth Heads of Valuation Agencies Conference (CHOVA) in Sydney on 18-21 March 2012. The conference provided a forum for the exchange of ideas and sharing of information in the field of valuation for government purposes such as rating, property tax, asset values and compensation. For the first time the conference was open to non Commonwealth countries. The conference was attended by 77 delegates from 14 countries.

Legislation

The Valuer-General regularly reviews the *Valuation of Land Act 1916* to determine where amendments are required.

The *Valuation of Land Act 1916* was amended in the Spring Session of Parliament in 2011 by the *Valuation of Land Amendment Act 2011* to affirm the methodology for valuing heritage restricted land and to specifically authorise the Valuer-General to carry out private valuations of land at the request of a party to a private agreement through delegation or on the recommendation of a contract valuer. The *Valuation of Land Amendment Act 2011* commenced on 28 November 2011.

Fees for valuation services

A review for the pricing of valuation services to users outside local government and the Office of State Revenue is underway. Land and Property Information (LPI) is undertaking a wider review of LPI licensing that will contribute toward the pricing of valuation services. All financial and other information required by Treasury is reported by Land and Property Information.

Key Performance Indicators (KPI)	Target	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008
Total valuations issued for rating and taxing purposes		1,830,466	1,578,466	1,638,793	1,506,235	1,456,741
Total valuations on Register of Land Values at 30 June		2,455,600	2,441,947	2,428,915	2,416,581	2,403,557
Total Notices of Valuations issued ¹		922,863	793,297	834,532	842,714	751,389
Customer Service						
Total number of calls ¹		35890	27909	39941	51366	23300
% of calls resolved on first contact	85%	91%	90%	88%	88%	88%
% of calls responded to within 3 days	85%	99%	72%	73%	71%	40%

Ratepayers						
% Notices of Valuation issued within 31 days	95%	93%	95%	71% ²	96.5%	89.7%
% Notices of Valuation for general valuation issued to property owners within agreed SLA timeframe	100%	100%	100%	100%	100%	100%
Councils						
% general valuations land values issued to relevant councils within agreed SLA timeframe	100%	100%	100%	100%	100%	100%
% supplementary valuations to council within 31 days	100%	100%	100%	100%	99.9%	95.4%
Office of State Revenue						
% objections to land values for land tax completed within 90 days ³	85% ³	86%	86% ⁴	59% ⁴	44% ⁴	20% ⁴
% objections to land values for land tax completed within 120 days ⁵	90% ⁵	96%	98% ⁶	98% ⁶	94% ⁶	81% ⁶
% objections to land values for land tax, where land value is greater than \$1m, within 120 days	95%	94%	93%	78%	74%	29%
% of new land values issued for property in NSW to OSR by 16 November	100%	100%	100%	100%	100%	100%
Supplementary valuations						
Total supplementary valuations issued		50,906	39,465	36,659	38,775	52,150 ⁷
Average days to complete	<65 days	34 days	39 days	47 days	65 days	71 days
Statistical quality measures for land values						
% Council areas meeting all standards – Residential ⁸		91.6	91.3 ⁸	80.9 ⁸	75.7 ⁸	76.5 ⁸
% Council areas meeting all standards - Business / Industrial ⁸		91.1	78.8 ⁸	69.4 ⁸	61.6 ⁸	38.1 ⁸
% Council areas meeting all standards – Rural ⁸		72.3	67.5 ⁸	49.2 ⁸	53.8 ⁸	36.6 ⁸
Objections						
Number of objections received for all valuing years		5,684	4,899	7,092	6,885	6,660
Number of objections received as a % of valuations issued		0.31%	0.31%	0.43%	0.46%	0.45%
% objections to land values completed within 90 days	65%	84%	86%	63%	44% ⁹	21% ⁹
% objections to land values completed within 120 days	80%	96%	97%	80%	70% ⁹	47% ⁹
% objections to land values completed within 180 days	95%	99%	99%	98%	94% ⁹	81% ⁹
Average number of days to complete objections	<90 days	58 days	61 days	83 days	103 days ⁹	138 days ⁹

FOOTNOTES:

1. New record
2. Issue of supplementary valuations was suspended during the issue of the general valuation
3. KPI changed in 2011 from a target of 30% completed in 90 days to 85% completed in 90 days
4. Original KPI of 30% completed in 90 days
5. KPI changed in 2011 from a target of 75% completed in 180 days to 90% in 120 days
6. Original KPI 75% in 180 days
7. Includes changed verified values
8. Where an appropriate number of analysed sales (five or more) is not available for a zone, the local government area is not included in the measure. Statistics published in the 2009-2010 annual report included all zones for all local government areas, these are now updated in accordance with the new basis
9. New basis for counting objections introduced in 2007/08– counting commences from when an objection is accepted as valid

7.7 Surveyor-General's Report

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

In 2011/12, Land and Property Information division, on behalf of the Surveyor-General, has delivered the following.

- Continued the rollout of the Continuously Operating Reference Station Network (CORSnet NSW) to 95 operating stations providing basic (DGPS) services to 87% of the state with 47% coverage of high-precision (two centimetres) positioning services
- Upgraded the spatial accuracy of digital cadastral boundaries in 15 local government areas to support infrastructure development and government e-planning initiatives
- Developed automated topographic mapping capability and commenced the production of a new series of topographic maps with 30 per month being produced
- Completed the determination of Address Locality Boundaries for 151 of 152 local government areas eliminating ambiguity fundamental for reliable addressing and delivery of services

During the flood disasters that affected NSW in January and February 2012 Land and Property Information (LPI) division played a key role in helping to monitor and record flood levels at various locations across the state. LPI's Aerial Survey unit captured over 2,400 sq kms of imagery to support the flood management needs of State Emergency Services and other organisations. All captured imagery was made available on the Spatial Information Exchange portal (SIX), via the Emergency Recovery Channel.

The NSW Location Leadership Group, a new peak governance group for spatial information in NSW, was established with the role to provide strategic input into spatial issues for state and local government. The Location Leadership Group is chaired by the Director General, Department of Finance and Services with representation from the Surveyor-General, Deputy Director General/Executive Director level representatives from all super agencies, local government and the NSW Chief Scientist.

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

- Surveyor-General's Undergraduate Scholarship in Surveying – winner Mr Christopher Ryan
- Surveyor-General International Fellowship in Surveying and Spatial Information – winners Ms Narelle Underwood and Mr Joel Haasdyk

- Murray Chapman Award for Research into Aboriginal Placenames in NSW – joint winners Mr James Wafer and Mr David Nash
- Sponsorship of the Surveying Industry Day to be held in Martin Place on 5 September 2012
- Sponsorship for the restoration of the Springwood Pillar for the 'Footsteps in Time' project as part of the lead up to the bicentenary celebrations of the crossing of the Blue Mountains in 2013

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

- The statutory remake of the Surveying and Spatial Information Regulation 2006
- The release of updated versions of Surveyor-General's Directions for public and industry comment; Number 9 – GNSS for Cadastral and Mining Surveys; and Number 12 – Control Surveys and SCIMS
- The commencement of the review of Surveyor-General's Direction Number 7 – Surveying Regulation Applications
- The formation of the Location Policy and Coordination Group within the Land and Property Information Division
- The establishment of the Location Intelligence Industry Advisory Group to support the policy and spatial information activities of the Board of Surveying and Spatial Information and the Location Leadership Group

The release of the NSW Government ICT Strategy 2012 mandated the action to secure formal approval of a Foundation Spatial Data Infrastructure. This action will provide opportunities to eliminate duplication, encourage reuse and create linkages across datasets which support policy development and implementation.



**Des Mooney,
Surveyor-General**

7.8 Registrar-General's Report

The Registrar-General is responsible for a suite of acts governing land title registration in NSW. Continuous review of this legislation is important to ensure it remains current and relevant. During the year a number of amendments were made to legislation and regulations administered by LPI on behalf of the Registrar-General (see appendix 9.18).

Significant judicial decisions relating to land title transactions also need to be taken into account. During the year several important cases were heard.

National electronic conveyancing

An Inter-Governmental Agreement (IGA) to establish an Electronic Conveyancing National Law has now been signed by all participating states and territories. Public consultation on the legislation is currently under way with the aim to introduce it in the NSW Parliament in the second half of 2012.

An Australian Registrars' National Electronic Conveyancing Council (ARNECC) has been established under the IGA. It comprises Registrars General or equivalent positions in each of the states and territories and is responsible for:

- Advising state and territory governments on any proposed changes to the ECNL
- Providing authoritative advice to the States and Territories about matters relating to National E-Conveyancing
- Ensuring that, as far as is practicable, electronic conveyancing business practices are consistent when implemented in each jurisdiction

Strata title reform

2011 marked the 50th anniversary of strata legislation in NSW. The Government is currently conducting a comprehensive review of the five Acts that regulate the development and management of strata and community schemes, which are administered by LPI and NSW Fair Trading including:

- *Strata Schemes (Freehold Development) Act 1973* (administered by LPI)
- *Strata Schemes (Leasehold Development) Act 1986* (administered by LPI)
- *Community Land Development Act 1989* (administered by LPI)
- *Strata Schemes Management Act 1996* (administered by Fair Trading)
- *Community Land Management Act 1989* (administered by Fair Trading)

An online forum to gather ideas from the public for strata and community scheme reform was carried out from December 2011 to February 2012. Based on feedback from the forum, LPI and NSW Fair Trading are jointly developing a discussion paper to be released later in 2012.

Personal Property Securities Register

All Land and Property Information records registered from 2000 to 2012 formerly maintained under the repealed *NSW Security Interests in Goods Act 2005* were successfully transferred to a new Commonwealth Personal Property Securities Register which commenced in January 2012.



Des Mooney,
Registrar-General

7.9 Geographical Names Board of NSW

The Geographical Names Board (GNB) was established in 1966 to standardise place names within NSW. The board achieves this standardisation through the application of policies aimed at reducing confusion by:

- Minimising duplication
- Confirming the position and extent of places
- Ensuring consistency in regard to a name's orthography and pronunciation

The board also ensures that the state's place names comply with published guidelines on propriety to minimise offensive, incongruous and/or blatantly commercial names in the state's nomenclature. This emphasis on propriety reflects the board's view that place names are owned by the community and should reflect the communities' principles and values. Place names with aboriginal significance or that reflect NSW's cultural diversity are preferred.

Place names commemorating everyday Australians who accomplish extraordinary achievements are also strongly encouraged by the board. These achievements need not be widely known or recognised but should be deemed important to the local community in which the place is located.

Community acceptance to new place names is essential if they are to be used by the community. The board works closely with local councils when establishing names and consults broadly with the local community before names are formally adopted.

Key achievements

Consistent addressing information is vital for efficient response by emergency services and underpins some \$30 billion of economic activity annually. To support addressing requirements for NSW, this reporting year the board has gazetted 116 changes to suburb and locality names and boundaries and overseen over 1,560 proposals to name or rename public roads in NSW.

There have been over 42 names assigned that recognise outstanding achievement in the community by commemoratively naming relevant geographical features. The names recognise acts of bravery, community service and exceptional accomplishments by both individuals and groups.

The board is committed to recognising the state's aboriginal culture through place naming. Sixteen new place names of aboriginal origin were formalised in the reporting year. These names commemorated aboriginal people, reinstated aboriginal place names or were created using aboriginal words.

Aims and objectives

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

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

Report on operations

Street addressing in NSW

The NSW road and address locality naming process forms an important part of our state's heritage by ensuring that names appropriately reflect an area's character. When new urban or rural developments need to be named or an existing area outgrows its current name, it is the board's responsibility to determine those names.

Road and address locality names are important navigation tools; not only for residents but for councils, emergency services and mapping services. These names reduce confusion, lower the incidents of duplication and ensure appropriate names are made official.

The board has formalised over 116 address locality names and processed over 1,560 road naming proposals in the reporting year leading to greater certainty and integrity for many thousands of addresses in New South Wales.

Performance figures

The following table gives a breakdown of figures by designations of the place names formalised in the reporting year in comparison to previous years.

Key performance indicators

Designation	2008/09	2009/10	2010/11	2011/12
Address locality names and boundaries	160	107	132	116
Road names	2,441	1,576	1,348	1,563
Dual names	0	0	0	0
Other place names	158	117	321	218

Governance

Functions of the Board

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

- Assign names to places
- Approve that a recorded name of a place shall be its geographical name
- Alter a recorded name or a geographical name
- Determine whether the use of a recorded name or a geographical name shall be discontinued
- Adopt rules of orthography, nomenclature and pronunciation with respect to geographical names
- Investigate and determine the form, spelling, meaning, pronunciation, origin and history of any geographical name
- Investigate and determine the application of any geographical name with regard to position, extent or otherwise
- Compile and maintain a vocabulary of aboriginal words used or suitable for use in geographical names and to record their meaning and tribal origin
- Compile and maintain a dictionary of geographical names with a record of their form, spelling, meaning, pronunciation, origin and history
- Publish a gazetteer of geographical names
- Inquire into and make recommendations on any matters relating to the names of places referred to it by the Minister
- May compile, maintain and publish a list of road names

The board proactively seeks to abide by these statutory provisions through the adoption of nomenclature policies and procedures which are both nationally and internationally recognised.

Board members

Members are appointed to the board in accordance with the provisions set out in section 3 of the *Geographical Names Act 1966*.

Board members and attendance

Members of the Board	Board meetings (5 meetings)
Mr Des Mooney Surveyor-General of NSW Ex-officio position.	2
Mr Paul Harcombe Nominee of Chief Executive, Land and Property Information. Ex-officio position.	5
Mr Richard Neville Nominee of the State Librarian Ex-officio position.	4
Mr Peter Downes Nominee of the Department of Planning. Ex-officio position. Appointed February 2012.	1
Patricia Hale Nominee of the Department of Planning. Term expired December 2011.	2
Dr Leslie Muir Nominee of the Royal Australian Historical Society. Reappointed February 2012, term expires February 2017.	2
Cr Julie Hegarty ¹ Nominee of the Local Government and Shires Association of NSW. Appointed February 2012, term expires February 2017. Replaced Tracey Carpenter.	4
Tracey Carpenter Nominee of the Government and Shires Association of NSW. Term expired December 2012	1
Dr Emma Ruth Power Nominee of the Geographical Society of NSW. Appointed February 2012, term expires February 2017. Replaced Dr John Emery.	2
Dr John Emery Nominee of the Geographical Society of NSW. Term expired December 2012.	3
Mr Roy Ah-See Nominee of NSW Aboriginal Land Council. Appointed February 2012, term expires February 2017. Replaced Beverley Manton.	1
Mrs Beverley Manton Nominee of NSW Aboriginal Land Council. Term expired December 2012.	0
Mr Stepan Kerkyasharian Nominee of the Community Relations Commissioner. Appointed May 2012, term expires May 2014. Replaced Wajiha Ahmed	1
Wajiha Ahmed Nominee of the Community Relations Commissioner. Term expired December 2012	3
Counsellors²	
Dr Peter Orlovich Historical Advisor	5
Dr Jakelin Troy Linguistic Advisor	2
Darren Leong, Australia Post Addressing Advisor	5
Gerard Herbert, Australia Post Delivery Advisor	3

1. Includes attendance of Ms Julie Hegarty to four meetings who was appointed as a deputy pursuant to Section 3,(12)(b) of the *Geographical Names Act 1966*. 2. In accordance with the provision of the *Geographical Names Act 1966* the Board may appoint counsellors to advise it on matters within its powers and functions. The Board has appointed three counsellors to advise it on issues such as linguistics, history and addressing.

Board meetings

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

Board committees

The board's secretary is a member on both Placenames Australia Inc. and the Committee for Geographical Names of Australasia (CGNA).

Placenames Australia is a voluntary non-profit association incorporated in NSW. The object of the association is to ensure that the Australian National Placenames Survey is implemented. The aim of the survey is to prepare a national database of geographical names which documents their pronunciation, generic class, status (gazetted, obsolete, non-gazetted, sensitive, disputed etc.), origin, meaning, history, cultural significance (of both name and site), and map reference and location. The database will be made accessible for public enquiry via the web and will be available to enable the production of place name dictionaries, both local and national.

CGNA coordinates place-naming activities across Australia and New Zealand. Membership comprises Australian state and territory boards and committees, New Zealand and other organisations with a role and interest in place naming. In compliance with United Nation directives CGNA publishes a gazetteer which records the legal status and position of all geographical names within Australia. NSW placenames for this product are supplied by the board.

Administration

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

Future focus

The board continued to review its performance and plans for the future in accordance with its three year strategic plan which was developed in September 2010. This plan sets out strategies and actions which are required to be carried out to ensure the board's effectiveness and relevance to the people of NSW.

8. Financial statements

8.1	Department of Finance and Services	163
	Independent Auditor's Report	163
	Statement by the Director-General	165
	Financial Statements	166
8.2	NSW Government Telecommunications Authority (Telco)	218
	Independent Auditor's Report	218
	Statement by the Managing Director	220
	NSW Government Telecommunications Authority (Telco) Annual Report	221
8.3	Waste Assets Management Corporation	239
	Independent Auditor's Report	239
	Financial Statements	241
8.4	Australian Centre for Advanced Computing and Communication (ac3)	274
	Independent Auditor's Report	274
	Directors' Declaration	276
	Notes to the Financial Statements	277



INDEPENDENT AUDITOR'S REPORT

Department of Finance and Services

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Department of Finance and Services (the Department), which comprise the statements of financial position as at 30 June 2012, the statements of comprehensive income, the statements of changes in equity, the statements of cash flows, service group statements and summary of compliance with financial directives for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Department and the consolidated entity. The consolidated entity comprises the Department and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Department and the consolidated entity, as at 30 June 2012, and of the financial performance and the cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

Director-General's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Independence

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

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



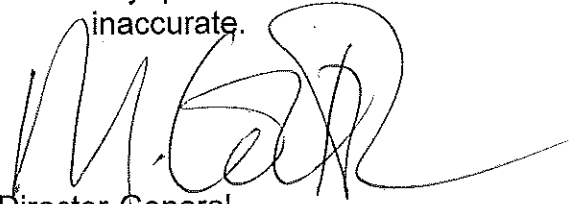
David Nolan
Director, Financial Audit Services

28 September 2012
SYDNEY

DEPARTMENT OF FINANCE AND SERVICES
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2012
STATEMENT BY THE DIRECTOR-GENERAL

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

- (a) The accompanying consolidated financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the Financial Reporting Code for Budget Dependent General Government Sector Agencies, the *Public Finance and Audit Regulation 2010* and the Treasurer's Directions;
- (b) The financial statements exhibit a true and fair view of the financial position and transactions of the Department for the period ended 30 June 2012;
- (c) At the date of this statement there are no circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.



Director-General
Department of Finance and Services

28/9/12

DEPARTMENT OF FINANCE AND SERVICES

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Notes	Consolidated		Department of Finance and Services		
		Actual 2012 \$'000	Actual 2011 \$'000	Actual 2012 \$'000	Budget 2012 \$'000	Actual 2011 \$'000
ASSETS						
Current Assets						
Cash and cash equivalents	6	507,083	476,235	504,486	389,245	473,773
Receivables	7	301,210	324,361	299,334	417,090	322,746
Inventories	8	5,552	3,146	5,552	4,986	3,146
Financial assets at fair value	9	18,289	21,510	18,289	22,048	21,510
Other	10	19,189	8,639	18,328	55,943	7,750
Total Current Assets		851,323	833,891	845,989	889,312	828,925
Non-Current Assets						
Inventories	8	3,750	4,466	3,750	4,787	4,466
Property, plant and equipment	11					
Land and Buildings		108,554	109,184	108,554	111,411	109,184
Plant and Equipment		84,207	87,564	82,938	127,442	86,322
Motor Vehicles		536,395	535,576	536,395	608,146	535,576
Leasehold Improvements		31,803	29,718	29,308	-	25,629
Total property, plant and equipment		760,959	762,042	757,195	846,999	756,711
Intangible assets	12	128,972	115,444	128,972	93,143	115,444
Other Non-Current Assets	10	47,256	9,975	50,362	-	9,156
Total Non-Current Assets		940,937	891,927	940,279	944,929	885,777
Total Assets		1,792,260	1,725,818	1,786,268	1,834,241	1,714,702
LIABILITIES						
Current Liabilities						
Payables	13	285,250	294,415	283,632	325,987	292,795
Borrowings	14	201,662	214,236	200,426	223,585	212,665
Provisions	15	178,008	158,923	177,511	375,953	158,527
Other	16	48,012	46,956	47,336	12,077	46,218
Total Current Liabilities		712,932	714,530	708,905	937,602	710,205
Non-Current Liabilities						
Borrowings	14	356,020	334,294	354,597	339,926	331,635
Other	16,17	861,804	280,248	861,262	135,263	279,249
Total Non-Current Liabilities		1,217,824	614,542	1,215,859	475,189	610,884
Total Liabilities		1,930,756	1,329,072	1,924,764	1,412,791	1,321,089
Net Assets		(138,496)	396,746	(138,496)	421,450	393,613
EQUITY						
Reserves		5,703	3,103	5,703	7,924	3,103
Accumulated funds		(144,199)	395,791	(144,199)	413,526	390,510
Outside equity interest		-	(2,148)	-	-	-
Total Equity		(138,496)	396,746	(138,496)	421,450	393,613

The accompanying notes form part of these financial statements.

DEPARTMENT OF FINANCE AND SERVICES

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Notes	Consolidated		Department of Finance and Services		
		Actual 2012 \$'000	Actual 2011 \$'000	Actual 2012 \$'000	Budget 2012 \$'000	Actual 2011 \$'000
Expenses excluding losses						
Operating Expenses						
Employee related	2(a)	661,806	384,270	656,320	713,364	379,409
Other operating expenses	2(b)	305,966	253,751	300,007	311,963	245,536
Depreciation and amortisation	2(c)	206,131	189,448	204,117	215,559	187,609
Grants and subsidies	2(d)	228,385	96,434	228,385	244,238	96,434
Finance costs	2(e)	32,627	34,028	32,275	34,165	33,704
Book value of motor vehicles sold	2(f)	118,775	123,580	118,775	115,322	123,580
Transfers to NSW Treasury	2(g)	-	50,000	-	-	50,000
Other expenses	2(h)	6,724	5,068	6,724	8,214	5,068
Total Expenses excluding losses		1,560,414	1,136,579	1,546,603	1,642,825	1,121,340
Revenue						
Recurrent appropriation	3(a)	343,517	227,922	343,517	335,307	227,922
Capital appropriation	3(a)	24,890	12,870	24,890	70,483	12,870
Sale of goods and services	3(b)	991,259	649,507	977,161	1,038,513	633,839
Investment revenue	3(c)	22,962	20,475	22,892	20,103	20,346
Retained taxes, fees and fines	3(d)	59,562	58,245	59,562	59,414	58,245
Grants and contributions	3(e)	19,789	13,997	19,789	14,448	13,997
Acceptance by the Crown Entity of employee benefits and other liabilities	3(f)	23,638	8,112	23,638	12,116	8,112
Proceeds from sale of motor vehicles	3(g)	146,715	152,009	146,715	137,583	152,009
Other revenue	3(h)	3,136	278	3,136	1,225	278
Total Revenue		1,635,468	1,143,415	1,621,300	1,689,192	1,127,618
Gain/(loss) on disposal	4(a)	2,038	(7,872)	2,038	-	(7,872)
Other gains/(losses)	4(b)	(5,632)	(1,567)	(5,632)	4,900	(1,567)
Net Result		71,460	(2,603)	71,103	51,267	(3,161)
Deferred Tax Benefit/(Expense)		76	96	-	-	-
NET RESULT FOR THE YEAR AFTER TAX		71,536	(2,507)	71,103	51,267	(3,161)
Outside Equity Interest		-	(281)	-	-	-
Other comprehensive income						
Superannuation actuarial gains/(losses)	17	(606,682)	7,377	(606,682)	-	7,377
Net increase in property, plant and equipment revaluation surplus	11	-	3,103	-	-	3,103
Investment Valuation Gains	10(ii) & (iii)	2,600	-	2,600	-	-
Other comprehensive income for the year		(604,082)	10,480	(604,082)	-	10,480
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(532,546)	7,692	(532,979)	51,267	7,319

The accompanying notes form part of these financial statements.

DEPARTMENT OF FINANCE AND SERVICES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2012

	Notes	Accumulated Funds \$'000	Asset Revaluation Surplus \$'000	Total \$'000
Balance as at 1 July 2011		393,643	3,103	396,746
Outside Equity Interest		(3,133)	-	(3,133)
Restated total equity as at 1 July 2011		390,510	3,103	393,613
Net Result for the year		71,103	-	71,103
Other comprehensive income				
Superannuation Gain/(Loss)		(606,682)	-	(606,682)
Investment Valuation Gains		-	2,600	2,600
Total other comprehensive income		(606,682)	2,600	(604,082)
Total comprehensive income for the year		(535,579)	2,600	(532,979)
Transfers with owners in their capacity as owners				
Increase/(decrease) in net assets from equity transfers	18	870	-	870
Balance as at 30 June 2012		(144,199)	5,703	(138,496)
Balance as at 1 July 2010		373,646	-	373,646
Outside Equity Interest		(2,429)	-	(2,429)
Restated total equity as at 1 July 2010		371,217	-	371,217
Net Result for the year		(2,507)	-	(2,507)
Outside Equity Interest		(281)	-	(281)
Other comprehensive income				
Superannuation Gain/(Loss)		7,377	-	7,377
Net increase/(Decrease) in property, plant and equipment		-	3,103	3,103
Total other comprehensive income		7,377	3,103	10,480
Total comprehensive income for the year		4,589	3,103	7,692
Transfers with owners in their capacity as owners				
Increase/(decrease) in net assets from equity transfers		17,556	-	17,556
Balance as at 30 June 2011 (before Outside Equity Interest)		390,510	3,103	393,613
Outside Equity Interest		(2,148)	-	(2,148)
Balance as at 30 June 2011		393,643	3,103	396,746

The accompanying notes form part of these financial statements.

DEPARTMENT OF FINANCE AND SERVICES

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012**

	Notes	Consolidated		Department of Finance and Services		
		Actual 2012 \$'000	Actual 2011 \$'000	*Actual 2012 \$'000	Budget 2012 \$'000	Actual 2011 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		628,080	380,040	622,934	662,534	375,017
Grants and subsidies		252,873	102,334	252,873	244,238	102,334
Finance costs		32,627	33,704	32,275	34,165	33,704
Cash Transfers to the Consolidated Fund		-	50,000	-	-	50,000
Public Works project costs and other		1,565,899	1,501,522	1,559,629	617,832	1,493,457
Total Payments		2,479,479	2,067,600	2,467,711	1,558,769	2,054,512
Receipts						
Recurrent appropriation		388,305	265,425	388,305	280,455	265,425
Capital appropriation		29,834	14,033	29,834	70,483	14,033
Sale of goods and services		2,162,045	1,751,333	2,148,194	982,996	1,735,446
Retained taxes, fees and fines		62,273	56,351	62,273	118	56,351
Interest received		22,664	18,566	22,594	20,418	18,437
Other		30,617	17,289	30,617	363,481	17,289
Total Receipts		2,695,738	2,122,997	2,681,817	1,717,951	2,106,981
NET CASH FLOWS FROM OPERATING ACTIVITIES	23	216,259	55,397	214,106	159,182	52,469
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of Land and Buildings, Plant and Equipment and Infrastructure Systems		146,798	152,102	146,798	142,483	152,102
Purchases of Land and Buildings, Plant and Equipment and Infrastructure Systems		(334,934)	(317,580)	(334,487)	(379,559)	(315,314)
Purchases of investments		(6,319)	-	(6,319)	-	-
Other		(108)	5	(108)	(14,560)	5
NET CASH FLOWS FROM INVESTING ACTIVITIES		(194,563)	(165,473)	(194,116)	(251,636)	(163,207)
CASH FLOWS FROM FINANCING ACTIVITIES						
Capital appropriation - equity appropriation		-	-	-	-	-
Proceeds from borrowings and advances		280,776	277,398	280,776	270,504	277,398
Repayment of borrowings and advances		(271,624)	(273,773)	(270,053)	(251,293)	(273,773)
NET CASH FLOWS FROM FINANCING ACTIVITIES		9,152	3,625	10,723	19,211	3,625
NET INCREASE/(DECREASE) IN CASH		30,848	(106,451)	30,713	(73,243)	(107,113)
Opening cash and cash equivalents		476,235	467,171	473,773	462,488	465,371
Cash transferred in as a result of administrative restructuring	18	-	115,515	-	-	115,515
CLOSING CASH AND CASH EQUIVALENTS	6	507,083	476,235	504,486	389,245	473,773

The accompanying notes form part of these financial statements.

* Total actual payments and receipts from operating activities include pass through payments and receipts relating to NSW Public Works contracts, not included in budgeted figures.

Department of Finance and Services
Service Group Statements (Parent Entity) - Expenses and Revenue for the year ended 30 June 2012

EXPENSES AND INCOME	Public Works 2012 \$'000	Govt Services 2012 \$'000	Fair Trading 2012 \$'000	Policy and Strategy 2012 \$'000	Land & Property Information 2012 \$'000	Office of State Revenue 2012 \$'000	Personnel Services 2012 \$'000	Not Attributable 2012 \$'000	DFS Total 2012 \$'000
Expenses excluding losses									
Operating Expenses	116,600	99,002	112,222	17,969	95,711	115,004	99,812	-	656,320
• Employee related	55,964	111,704	30,152	23,787	45,177	33,223	-	-	300,007
• Other operating expenses	1,889	161,985	5,802	6,834	17,512	10,095	-	-	204,117
Depreciation and amortisation	11,812	-	7,113	170,364	390	-	38,706	-	228,385
Grants and subsidies	-	32,275	-	-	-	-	-	-	32,275
Finance costs	-	-	-	-	-	-	-	-	118,775
Book value of motor vehicles sold	-	118,775	-	-	-	-	-	-	-
Transfers to NSW Treasury	-	-	-	-	(3)	-	-	-	6,724
Other expenses	16,802	(34,663)	23,728	860	-	-	-	-	-
Total Expenses excluding losses	203,067	489,078	179,017	219,814	158,787	158,322	138,518	-	1,546,603
Revenue **									
Recurrent appropriation	-	-	-	-	-	-	-	343,517	343,517
Capital appropriation	-	-	-	-	-	-	-	24,890	24,890
Sale of goods and services	181,926	270,986	39,577	40,783	167,272	28,797	247,820	-	977,161
Investment revenue	2,773	4,924	9,646	571	2,802	2,176	-	-	22,892
Retained taxes, fees and fines	-	-	59,416	-	-	146	-	-	59,562
Grants and contributions	1,754	1,393	15,109	1,532	-	1	-	-	19,789
Acceptance by the Crown	-	-	-	-	-	-	-	-	-
Entity of employee benefits and other liabilities	-	-	-	-	-	-	-	23,638	23,638
Proceeds from sale of motor vehicles	-	146,715	-	-	-	-	-	-	146,715
Other revenue	8	48	21	4	1,882	1,173	-	-	3,136
Total Revenue	186,461	424,066	123,769	42,890	171,956	32,293	247,820	392,045	1,621,300
Gain/(loss) on disposal	(506)	(444)	(480)	(105)	3,499	74	-	-	2,038
Other gains/(losses)	(1,312)	(1,041)	(1,234)	(270)	(1,555)	(220)	-	-	(5,632)
Net result	(18,424)	(66,497)	(56,962)	(177,299)	15,113	(126,175)	109,302	392,045	71,103
Other comprehensive income	-	-	-	-	-	-	-	-	-
Superannuation gains/(losses)	-	-	-	-	-	-	-	(606,682)	(606,682)
Increase in asset revaluation reserve	-	-	-	-	-	-	-	-	-
Available for sale financial assets valuation gains/(losses)	-	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	2,600	2,600
TOTAL COMPREHENSIVE INCOME	(18,424)	(66,497)	(56,962)	(177,299)	15,113	(126,175)	109,302	(604,082)	(604,082)
								(212,037)	(532,979)

Department of Finance and Services

Service Group Statements (Parent Entity) - Expenses and Revenue for the year ended 30 June 2012 (cont'd)

ADMINISTERED EXPENSES AND INCOME	Public Works 2012 \$'000	Govt Services 2012 \$'000	Fair Trading 2012 \$'000	Policy and Strategy 2012 \$'000	Land & Property Information 2012 \$'000	Office of State Revenue 2012 \$'000	Personnel Services 2012 \$'000	Not Attributable 2012 \$'000	DFS Total 2012 \$'000
Administered Expenses Total Administered Expenses	-	-	-	-	-	601,064	-	-	601,064
Administered Revenues Consolidated Fund Licences, taxes, fees and fines Other	-	-	-	-	-	601,064	-	-	601,064
Total Administered Revenues	-	-	55,544	15	16,908	17,665,462 782,703	-	-	17,737,929 782,703
Administered Revenues less Expenses	-	-	55,544	15	16,908	18,448,165	-	-	18,520,632
	-	-	55,544	15	16,908	17,847,101	-	-	17,919,568

* The name and purpose of each program is summarised in Note 5.

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

Department of Finance and Services
Service Group Statements (Parent Entity) - Expenses and Revenue for the year ended 30 June 2011

EXPENSES AND INCOME	Public Works 2011 \$'000	Govt Services 2011 \$'000	Fair Trading 2011 \$'000	Policy and Strategy 2011 \$'000	Land & Property Information 2011 \$'000	Office of State Revenue 2011 \$'000	Personnel Services 2011 \$'000	Not Attributable 2011 \$'000	DFS Total 2011 \$'000
Expenses excluding losses									
Operating Expenses	117,737	77,816	94,588	23,532	18,035	27,250	20,451	-	379,409
• Employee related	66,310	88,585	32,443	33,873	14,950	9,375	-	-	245,536
• Other operating expenses	2,403	164,100	6,426	7,840	4,711	2,129	-	-	187,609
Depreciation and amortisation	354	607	12,613	37,243	28,395	5,968	11,254	-	96,434
Grants and subsidies	-	33,704	-	-	-	-	-	-	33,704
Finance costs	-	-	-	-	-	-	-	-	-
Book value of motor vehicles sold	-	123,580	-	-	-	-	-	-	123,580
Transfers to NSW Treasury	-	-	-	-	-	-	-	50,000	50,000
Other expenses	-	-	3,161	1,217	690	-	-	-	5,068
Total Expenses excluding losses	186,804	488,392	149,231	103,705	66,781	44,722	31,705	50,000	1,121,340
Revenue									
Recurrent appropriation	-	-	-	-	-	-	-	227,922	227,922
Capital appropriation	-	-	-	-	-	-	-	12,870	12,870
Sale of goods and services	210,981	282,403	45,310	28,733	38,031	7,439	20,942	-	633,839
Investment revenue	3,435	5,403	9,544	841	590	533	-	-	20,346
Retained taxes, fees and fines	3	1	58,220	-	-	21	-	-	58,245
Grants and contributions	-	-	12,501	1,496	-	-	-	-	13,997
Acceptance by the Crown	-	-	-	-	-	-	-	-	-
Entity of employee benefits and other liabilities	-	-	-	-	-	-	-	8,112	8,112
Proceeds from sale of motor vehicles	-	152,009	-	-	-	-	-	-	152,009
Other revenue	3	8	25	11	81	150	-	-	278
Total Revenue	214,422	439,824	125,600	31,081	38,702	8,143	20,942	248,904	1,127,618
Gain/(loss) on disposal	(146)	(3,079)	(512)	(4,131)	-	(4)	-	-	(7,872)
Other gains/(losses)	(508)	(377)	(421)	(124)	(69)	(68)	-	-	(1,567)
Net Result	26,964	(52,024)	(24,564)	(76,879)	(28,148)	(36,651)	(10,763)	198,904	(3,161)
Other comprehensive income									
Superannuation gains/(losses)	-	-	-	-	-	-	-	-	-
Increase in asset revaluation reserve	-	-	-	-	3,916	-	(814)	4,275	7,377
Total other comprehensive income	-	-	-	-	-	-	-	3,103	3,103
TOTAL COMPREHENSIVE INCOME	26,964	(52,024)	(24,564)	(76,879)	(24,232)	(36,651)	(11,577)	206,282	7,319

Department of Finance and Services
Service Group Statements (Parent Entity) - Expenses and Revenue for the year ended 30 June 2011 (cont'd)

ADMINISTERED EXPENSES AND INCOME	Public Works 2011 \$'000	Govt Services 2011 \$'000	Fair Trading 2011 \$'000	Policy and Strategy 2011 \$'000	Land & Property Information 2011 \$'000	Office of State Revenue 2011 \$'000	Personnel Services 2011 \$'000	Not Attributable 2011 \$'000	DFS Total 2011 \$'000
Administered Expenses Total Administered Expenses	-	-	-	-	-	210,527	-	-	210,527
Administered Revenues Consolidated Fund Licences, taxes, fees and fines Other	-	-	70,970	19	20,784	3,890,520 214,371	-	-	3,982,293 214,371
Total Administered Revenues	-	-	70,970	19	20,784	4,104,891	-	-	4,196,664
Administered Revenues less Expenses	-	-	70,970	19	20,784	3,894,364	-	-	3,986,137

Department of Finance and Services
Service Group Statement (Parent Entity) - Assets and Liabilities as at 30 June 2012

ASSETS AND LIABILITIES	Public Works 2012 \$'000	Govt Services 2012 \$'000	Fair Trading 2012 \$'000	Policy and Strategy 2012 \$'000	Land & Property Information 2012 \$'000	Office of State Revenue 2012 \$'000	Personnel Services 2012 \$'000	Not Attributable 2012 \$'000	DFS Total 2012 \$'000
Current Assets									
Cash and cash equivalents	42,975	131,873	187,945	33,691	55,405	33,021	-	19,576	504,486
Receivables	174,561	69,331	11,145	10,128	8,845	6,091	19,233	-	299,334
Inventories	103	5,221	97	21	110	-	-	-	5,552
Financial assets at fair value	-	-	18,289	-	-	-	-	-	18,289
Other	149	8,230	193	864	7,699	1,193	-	-	18,328
Total Current Assets	217,788	214,655	217,669	44,704	72,059	40,305	19,233	19,576	845,989
Non Current Assets									
Inventories	3,322	-	-	-	428	-	-	-	3,750
Property, plant and equipment	17,233	565,383	20,267	38,181	100,033	16,098	-	-	757,195
Intangibles	1,029	47,578	12,238	200	35,735	32,192	-	-	128,972
Other	1,212	963	1,141	250	8,257	303	38,236	-	50,362
Total Non Current Assets	22,796	613,924	33,646	38,631	144,453	48,593	38,236	-	940,279
TOTAL ASSETS	240,584	828,579	251,315	83,335	216,512	88,898	57,469	19,576	1,786,268
Current Liabilities									
Payables	161,928	73,859	19,833	2,816	11,295	4,744	9,157	-	283,632
Borrowings	-	200,426	-	-	-	-	-	-	200,426
Provisions	60,212	17,448	15,230	1,774	52,329	11,992	18,526	-	177,511
Other	2,675	2,246	2,428	531	38,586	870	-	-	47,336
Total Current Liabilities	224,815	293,979	37,491	5,121	102,210	17,606	27,683	-	708,905
Non Current Liabilities									
Borrowings	-	354,597	-	-	-	-	-	-	354,597
Superannuation	155,295	123,323	146,161	31,973	373,665	-	29,786	-	860,203
Other	246	195	232	288	-	98	-	-	1,059
Total Non Current Liabilities	155,541	478,115	146,393	32,261	373,665	98	29,786	-	1,215,859
TOTAL LIABILITIES	380,356	772,094	183,884	37,382	475,875	17,704	57,469	-	1,924,764
NET ASSETS	(139,772)	56,485	67,431	45,953	(259,363)	71,194	-	19,576	(138,496)

Administered Assets and Liabilities are disclosed in Note 26.

Department of Finance and Services
Service Group Statement (Parent Entity) - Assets and Liabilities for the Year Ended 30 June 2011

ASSETS AND LIABILITIES	Public Works 2011 \$'000	Govt Services 2011 \$'000	Fair Trading 2011 \$'000	Policy and Strategy 2011 \$'000	Land & Property Information 2011 \$'000	Office of State Revenue 2011 \$'000	Personnel Services 2011 \$'000	Not Attributable 2011 \$'000	DFS Total 2011 \$'000
Current Assets									
Cash and cash equivalents	76,363	85,353	195,360	27,162	56,891	21,385	-	11,259	473,773
Receivables	217,112	45,540	15,816	9,267	13,737	6,137	15,137	-	322,746
Inventories	302	2,802	-	-	42	-	-	-	3,146
Financial assets at fair value	-	-	21,510	-	-	-	-	-	21,510
Other	164	2,675	169	659	3,209	874	-	-	7,750
Total Current Assets	293,941	136,370	232,855	37,088	73,879	28,396	15,137	11,259	828,925
Non Current Assets									
Inventories	3,662	-	-	-	804	-	-	-	4,466
Property, plant and equipment	19,730	561,813	18,524	41,697	100,312	14,635	-	-	756,711
Intangibles	2,642	38,962	13,710	-620	32,312	28,438	-	-	115,444
Other	-	-	-	-	24	5	9,127	-	9,156
Total Non Current Assets	26,034	600,775	32,234	41,077	133,452	43,078	9,127	-	885,777
TOTAL ASSETS	319,975	737,145	265,089	78,165	207,331	71,474	24,264	11,259	1,714,702
Current Liabilities									
Payables	211,803	30,428	16,323	5,548	22,605	4,695	1,393	-	292,795
Borrowings	-	212,665	-	-	-	-	-	-	212,665
Provisions	53,346	15,564	11,588	1,992	53,819	10,618	11,600	-	158,527
Other	8,143	6,977	6,665	1,971	20,821	1,641	-	-	46,218
Total Current Liabilities	273,292	265,634	34,576	9,511	97,245	16,954	12,993	-	710,205
Non Current Liabilities									
Borrowings	-	331,635	-	-	-	-	-	-	331,635
Other	38,640	28,843	31,995	9,639	158,750	111	11,271	-	279,249
Total Non Current Liabilities	38,640	360,478	31,995	9,639	158,750	111	11,271	-	610,884
TOTAL LIABILITIES	311,932	626,112	66,571	19,150	255,995	17,065	24,264	-	1,321,089
NET ASSETS	8,043	111,033	198,518	59,015	(48,664)	54,409	-	11,259	393,613

Department of Finance and Services
Summary of Compliance with Financial Directives

	2012			2011		
	Recurrent		Capital	Recurrent		Capital
	Appropriation \$'000	Net Claim on Consolidated Fund \$'000	Appropriation \$'000	Net Claim on Consolidated Fund \$'000	Appropriation \$'000	Net Claim on Consolidated Fund \$'000
Original Budget Appropriation / Expenditure						
• Appropriation Act	515,878	381,107	70,483		161,437	159,958
• Section 24 PF&AA - transfer of functions between Entities		-	-		115,384	103,456
• Additional Appropriations / Section 21A reductions	(154)	-	(42,074)		(12,301)	(12,301)
• Section 26 PF&AA - Commonwealth specific purpose payments	-	-	-		-	-
• Transfer of funding to Family & Community Services	(134,617)	-	-		-	-
• Contribution to Treasury paid by Budget Dependent Agencies	(37,590)	(37,590)	-		(37,995)	(37,615)
	343,517	343,517	28,409		226,525	213,498
Other Appropriations / Expenditure						
• Treasurer's Advance	-	-	-		16,797	14,797
• StateFleet Motor Vehicle Reserve - replacement of appropriation	-	-	-		(373)	(373)
• Section 24 - SC&GA	-	-	-		16,424	14,424
	-	-	-		20,900	5,061
Total Appropriations / Expenditure / Net Claim on Consolidated Fund (includes transfer payments)	343,517	343,517	28,409		242,949	227,922
Amount drawn down against Appropriation	-	383,501	-		-	271,222
Liability to Consolidated Fund(i)	-	(39,984)	-		-	(43,300)
						14,033
						(1,163)

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

(i) The "Liability to Consolidated Fund" is the difference between the "Amount drawn down against Appropriation" and the "Total Expenditure / Net Claim on Consolidated Fund" including transfer payments (refer Note 16). This also includes \$37.6M to be transferred to NSW Treasury in 2012/13 (refer Note 1(m)).

DEPARTMENT OF FINANCE AND SERVICES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Department of Finance and Services (DFS) is a NSW government not-for-profit entity as profit is not its principal objective. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The Department of Finance and Services as a reporting entity comprises the following major Divisions / Business Units to the new Department:

- NSW Public Works
- NSW Fair Trading
- Government Services, including:
 - NSW Procurement
 - ServiceFirst
 - StateFleet
 - Corporate and Shared Services Reform
- Policy and Strategy, including
 - NSW Industrial Relations
 - Metropolitan Water
 - Information and Communications Technology
 - Office of Finance
- Land & Property Information
- Office of State Revenue
- Personnel Services*
- Corporate Units.

* Includes Land and Housing Corporation (LAHC) staff transferred from Department of Family and Community Services 1 July 2011. Disclosed in Notes 5 and 18.

The reporting entity also includes Australian Centre for Advanced Computing and Communications Pty Ltd (ac3) and NSW Government Telecommunications Authority (Telco) which are fully owned and controlled by the Department.

In the process of preparing the consolidated financial statements for the economic entity consisting of the controlling and controlled entities, all significant inter-entity transactions and balances have been eliminated.

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

This consolidated financial statements for the year ended 30 June 2012 has been authorised for issue by the Director-General on 28 September 2012.

(b) Basis of Preparation

The Department of Finance and Services' financial statements are general purpose financial statements which have been prepared on a going concern basis in accordance with:

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

Property, plant and equipment, investment property, assets (or disposal groups) held for sale and financial assets at "fair value through profit or loss" and available for sale are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

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

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

(c) Statement of Compliance

The consolidated and parent entity financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Administered Activities

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

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

The accrual basis of accounting and applicable accounting standards and crown entity income recognition policies have been adopted.

In accordance with the Crown Entity's current revenue recognition policy (TC 92/25 'Accounting for Crown Revenue') State revenue is recognised as follows within Note 28 (a):

- Government-assessed revenues (primarily land tax and gaming) are regarded as being able to be measured reliably at the time of issuing the assessment
- Taxpayer-assessed revenues (including payroll tax, duties and lotteries) are regarded as being able to be measured reliably when the funds are received by The Treasury. Additional revenues are recognised for assessments subsequently issued following the review of returns lodged by taxpayers
- Interest payable on government and taxpayer – assessed revenues is brought to account on a daily basis
- Enforcement orders issued by the State Debt Recovery Office (SDRO) are regarded as being able to be measured reliably when the enforcement order is issued and assessed as recoverable or meeting asset recognition criteria. Penalty notices issued are regarded as being able to be measured reliably when the cash is received.

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

(e) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's mandate to General Government Sector Agencies.

(f) Insurance

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

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

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

- the amount of GST incurred by the department as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included except for Work in Progress, amounts due to contractors for work in progress and advance billings.

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

(h) Income Recognition

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

(i) Parliamentary Appropriations and Contributions

Parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as revenue when the Department obtains control over the assets comprising the appropriations / contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash. Appropriations are not recognised as revenue in the following circumstances:

- "Equity appropriations" to fund payments to adjust a for-profit entity's capital structure are recognised as equity injections (ie contribution by owners) on receipt and equity withdrawals on payment to a for-profit entity. The reconciliation between the Statement of Comprehensive Income, Statement of Summary of Compliance with Financial Directives and the total appropriations is disclosed in Note 3(a).
- Unspent appropriations are recognised as liabilities rather than revenue, as the authority to spend the money lapses and the unspent amount must be repaid to the Consolidated Fund.

The liability is disclosed in Note 16 as part of "Current/Non-Current Liabilities - Other". The amount will be repaid and the liability will be extinguished next financial year. Any liability in respect of transfer payments is disclosed in Note 26 "Administered Assets and Liabilities".

(ii) Sale of Goods

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

(iii) Rendering of Services

Revenue is recognised when the service is provided or by reference to the stage of completion.

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

For all new client funded projects commenced after 1 April 2007, as supported by conversion to new SAP project management system, project fee revenues are recognised equivalent to the value of earned fees progressively invoiced to clients.

The amount of revenue recognised at project completion is the same under either model.

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

(iv) Investment Revenue

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

(i) Assets

(i) Acquisitions of Assets

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

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

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

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

(ii) Capitalisation Thresholds

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

(iii) Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 07-01). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*.

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

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

The Department's land and buildings are revalued every three years. The last revaluation was completed on 30 April 2011 and was based on an independent assessment. Other non-current assets are assessed by the management to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation is separately restated.

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

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

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

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

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

(iv) Impairment of Property, Plant and Equipment

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

(v) Depreciation of Property, Plant and Equipment

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

All material separately identifiable component assets are recognised and depreciated over their shorter useful lives. Land is not a depreciable asset.

The depreciation rates used for 2011/12 for each class of assets are:

Land and Buildings

Heritage Assets	0%
Buildings	2.5%

Plant and Equipment

Motor vehicles	8.0% to 33.3%
Government Radio Network	6.67% to 33.3%
Mainframe computers	20.0% to 25.0%
Major computer systems	12.5% to 25.0%
Computer equipment	20.0% to 25.0%
Furniture and fittings	10.0%
Office equipment	14.0% to 20.0%

Leasehold improvements

Other plant and equipment	5.0% to 33.0%
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(vi) Major Inspection Costs

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

(vii) Restoration Costs

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

(viii) Maintenance

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

(ix) Leased Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

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

Operating lease payments are charged to the Statement of Comprehensive Income in the periods in which they are incurred.

(x) Intangible Assets

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

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

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

The Department's intangible assets (computer software) are amortised using the straight line method over a period of 4 to 10 years.

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

(xi) Loans and Receivables

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

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

(xii) Inventories

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

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

Motor vehicles held for sale are recognised as part of inventory (refer Note 8).

(xiii) Investments

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

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

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

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

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

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

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

(xiv) Impairment of Financial Assets

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

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

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

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

(xv) **Derecognition of Financial Assets and Financial Liabilities**

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

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

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

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

(xvi) **Trust Funds**

The Department receives monies in a trustee capacity for various trusts as set out in Note 24. As the Department performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the Department's own objectives, these funds are not recognised in the financial statements.

(xvii) **Other Assets**

Other assets are recognised on a cost basis.

(j) Liabilities

(i) **Payables**

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

(ii) **Borrowings**

Loans are not held for trading or designed at fair value through profit or loss and are recognised at amortised cost using the effective interest method. Gains or losses are recognised in the Statement of Comprehensive Income on derecognition.

(iii) **Employee Benefits and Other Provisions**

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

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

Long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 Employee Benefits. Market yields on government bonds of 3.04% are used to discount long-term annual leave.

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

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

(b) **Long Service Leave and Superannuation**

The Department's liabilities for long service leave and defined benefit superannuation for Fair Trading, Industrial Relations, Information & Communications Technology and Office of State Revenue are assumed by the Crown Entity.

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

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors (specified in NSWTC 11/06) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (ie Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

Long Service Leave and Superannuation Liabilities Assumed by the Crown Entity

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

Long Service Leave and Superannuation Liabilities Funded by the Department

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

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

(c) Other Provisions

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

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

(k) Equity and Reserves

(i) Revaluation surplus

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

(ii) Accumulated Funds

The category accumulated funds includes all current and prior period retained funds.

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

(l) Equity Transfers

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

Transfers arising from an administrative restructure between Government departments are recognised at the amount at which the asset was recognised by the transferor Government department immediately prior to the restructure. In most instances this will approximate fair value. All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the Department recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the Department does not recognise that asset.

(m) **Transfers to NSW Treasury**

A transfer of \$37.6M from the operating surplus of non-budget funded business units of the Department for the current financial year has been agreed with NSW Treasury. This amount is disclosed as a liability to the Consolidated Fund (refer Note 16).

(n) **Work in Progress**

Australian Accounting Standard AASB 111 *Construction Contracts* requires the amount due from customers for contract work to be disclosed as an asset and the amount due to customers for contract work as a liability. Accordingly, amount due from customers is shown as Work in Progress in Current Assets and amount due to customers is shown as Advance Claims in Current Liabilities.

(o) **Budget Amounts**

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period, as adjusted for section 24 of the PFAA where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted amounts.

(p) **Comparative Information**

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous reporting period 30 June 2011 for all amounts reported in the financial statements.

Prior year figures include 12 months information for former Department of Services, Technology and Administration and three months for transferred entities including Office of State Revenue and Land & Property Information.

(q) **New Australian Accounting Standards Issued But Not Effective**

The following new Accounting Standards have not been applied and are not yet effective:

Accounting Standard/Interpretation	Effective
• AASB 9 and AASB 2010-7 regarding financial instruments	2013/14
• AASB 1053 and AASB 2010-2 regarding differential reporting	2013/14
• AASB 2010-8 regarding deferred tax: recovery of underlying assets	2012/13
• AASB 2010-10 regarding removal of fixed dates for first time adopters	2013/14
• AASB 2011-2 regarding the Trans Tasman Convergence project – RDR	2013/14
• AASB 2011-3 regarding orderly adoption of changes to the ABS GFS Manual	2012/13
• AASB 2011-4 removing individual key management personnel disclosures	2013/14
• AASB 2011-6 regarding RDR requirements extending relief from consolidation, the equity method and proportionate consolidation	2013/14
• AASB 10 Consolidated financial statements	2013/14
• AASB 11 Joint arrangements	2013/14
• AASB 12 Disclosures of interests in other entities	2013/14
• AASB 13 and AASB 2011-8 regarding fair value measurement	2013/14
• AASB 119, AASB 2011-10 and AASB 2011-11 regarding employee benefits	2013/14
• AASB 127 Separate financial statements	2013/14
• AASB 128 Investments in associates and joint ventures	2013/14
• AASB 2011-7 regarding consolidation and joint arrangements	2013/14
• AASB 2011-9 regarding presentation of items of other comprehensive income	2012/13
• AASB 2011-12 regarding Interpretation 20	2013/14
• AASB 2011-13 regarding AASB 1049 and GAAP/GFS harmonisation	2012/13

It is considered that the implementation of these Standards will not have any material impact on the Department's financial results.

2. EXPENSES EXCLUDING LOSSES

(a) Employee Related Expenses

	Consolidated		Department of Finance and Services	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Salaries and wages (including recreation leave)	525,025	339,166	520,274	334,879
Superannuation - defined benefit plans	(5,536)	(14,257)	(5,536)	(14,257)
Superannuation - defined contribution plans	35,250	19,299	34,855	18,946
Long service leave	41,745	12,774	41,651	12,773
Workers compensation insurance	6,441	3,391	6,441	3,391
Payroll tax and fringe benefits tax	34,086	21,611	33,840	21,391
Voluntary redundancy	24,795	2,286	24,795	2,286
	661,806	384,270	656,320	379,409

Employee related expense of \$7M (2010/11 \$2.2M) have been capitalised in various capital works and therefore is excluded from the above.

(b) Other Operating Expenses

	Consolidated		Department of Finance and Services	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Auditor's remuneration				
- audit of the financial statements	1,216	829	1,181	794
Cost of sales	40,209	46,129	37,971	42,259
Government Radio Network operating expenses	19,578	23,188	19,578	23,188
Advertising	1,491	1,289	1,491	1,289
Bad debts expense	414	910	414	910
Operating lease rental expense - minimum lease payments	38,941	35,323	38,027	33,124
Maintenance	5,962	4,386	5,636	4,187
Insurance	2,043	1,904	2,043	1,904
Valuation services contractors	18,544	5,132	18,544	5,132
Fees and charges	64,925	42,383	64,925	42,383
Postage and telephone	7,544	6,226	7,224	5,759
Printing, stationery and stores	8,235	5,045	8,235	5,045
Consultants	5,162	4,402	5,162	4,402
Contractors	32,887	22,399	32,887	22,399
Books and periodicals	1,675	1,487	1,675	1,473
Travel and motor vehicle expenses	3,695	3,379	3,695	3,379
Computer expenses	37,476	33,594	38,694	34,993
Minor equipment	1,436	2,121	1,436	2,121
Training	5,355	4,459	5,355	4,459
Other	9,178	9,166	5,834	6,336
	305,966	253,751	300,007	245,536

	Consolidated		Department of Finance and Services	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Reconciliation - Total Maintenance				
Maintenance expense, as above	5,962	4,386	5,636	4,187
Employee related maintenance expenses included in Note 2(a)*	-	-	-	-
Total maintenance expenses included in Notes 2(a) and 2(b)	5,962	4,386	5,636	4,187

* Maintenance related services are generally provided by external service providers and therefore employee related maintenance expenses are minimal.

(c) Depreciation and Amortisation Expense

	Consolidated		Department of Finance and Services	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Depreciation				
- Buildings	1,748	558	1,748	558
- Plant and equipment	25,706	21,890	23,692	20,051
- Motor Vehicles	142,157	147,146	142,157	147,146
- Leasehold Improvements	6,552	3,432	6,552	3,432
	176,163	173,026	174,149	171,187
Amortisation				
- Intangible Assets	29,968	16,422	29,968	16,422
	206,131	189,448	204,117	187,609

(d) Grants and Subsidies

	Consolidated		Department of Finance and Services	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Information and Community Technology Grant	-	10	-	10
Subsidies to Fair Trading Admin Corporation	-	5,600	-	5,600
Tenancy Advice and Advocacy Program	4,632	3,832	4,632	3,832
State Property Authority Grants	26,545	18,404	26,545	18,404
Metro Water Grants	163,954	37,146	163,954	37,146
Teacher Housing Authority Grants	5,583	5,473	5,583	5,473
State Records Authority Grants	6,712	5,781	6,712	5,781
Other Grants	20,959	20,188	20,959	20,188
	228,385	96,434	228,385	96,434

(e) Finance Costs

	Consolidated		Department of Finance and Services	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Interest on borrowings	32,627	34,028	32,275	33,704

(f) Book Value of Motor Vehicles Sold

	Consolidated		Department of Finance and Services	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Book value of StateFleet motor vehicles sold	118,775	123,580	118,775	123,580

(g) Transfers to NSW Treasury

	Consolidated		Department of Finance and Services	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
StateFleet Motor Vehicle Reserve*	-	50,000	-	50,000

*There was no transfer of StateFleet Motor Vehicle Cash Reserves to NSW Treasury during 2011/12. The expected amount and timing of the Reserve transfer will be advised by Treasury during 2012/13.

(h) Other Expenses

	Consolidated		Department of Finance and Services	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Other minor expenses	6,724	5,068	6,724	5,068

3. REVENUE

(a) Appropriations

Recurrent appropriations

Total recurrent draw-downs from Treasury
(per Summary of Compliance)
Less: Liability to Consolidated Fund
(per Summary of Compliance)

Comprising:

Recurrent appropriations
(per Statement of Comprehensive Income)
Transfer to NSW Treasury

Consolidated		Department of Finance and Services	
2012	2011	2012	2011
\$'000	\$'000	\$'000	\$'000
383,501	271,222	383,501	271,222
(39,984)	(43,300)	(39,984)	(43,300)
343,517	227,922	343,517	227,922
381,107	265,537	381,107	265,537
(37,590)	(37,615)	(37,590)	(37,615)
343,517	227,922	343,517	227,922

Capital appropriations

Total capital draw-downs from Treasury
(per Summary of Compliance)
Less: Liability to Consolidated Fund
(per Summary of Compliance)

Comprising:

Capital appropriations
(per Statement of Comprehensive Income)
Transfer payments

Consolidated		Department of Finance and Services	
2012	2011	2012	2011
\$'000	\$'000	\$'000	\$'000
30,322	14,033	30,322	14,033
(5,432)	(1,163)	(5,432)	(1,163)
24,890	12,870	24,890	12,870
24,890	12,870	24,890	12,870
-	-	-	-
24,890	12,870	24,890	12,870

(b) Sale of Goods and Services

Mapping, spatial, surveying and related services
Project and asset management services
Tilling
Valuation
Procurement Management Fee
Land and Housing Corporation Fee Recovery
Facilities Management Fee
Penalty notice fees
Business and personnel services
Advertising
Motor vehicle leasing
Administrative assistance
Government Radio Network services
Register of Encumbered Vehicles services
Other goods and services
Total Sale of Goods and Services

Consolidated		Department of Finance and Services	
2012	2011	2012	2011
\$'000	\$'000	\$'000	\$'000
3,435	569	3,435	569
174,706	205,465	174,706	205,465
140,619	22,908	140,619	22,908
17,885	13,986	17,885	13,986
46,338	45,370	46,338	45,370
133,529	-	133,529	-
7,010	5,335	7,010	5,335
25,811	6,697	25,811	6,697
133,774	43,293	133,774	43,293
-	1,492	-	1,492
192,690	206,785	192,690	206,785
25,826	26,488	25,826	26,488
36,663	20,777	36,663	20,777
6,948	12,149	6,948	12,149
46,025	38,193	31,927	22,525
991,259	649,507	977,161	633,839

(c) Investment Revenue

Interest on investments
Interest on bank accounts

Consolidated		Department of Finance and Services	
2012	2011	2012	2011
\$'000	\$'000	\$'000	\$'000
11,425	13,491	11,355	13,491
11,537	6,984	11,537	6,855
22,962	20,475	22,892	20,346

(d) Retained Taxes, Fees and Fines

	Consolidated		Department of Finance and Services	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Statutory interest	40,208	39,009	40,208	39,009
Building Licensing Fees	8,701	8,298	8,701	8,298
Owner Builder Permit Fees	1,266	1,394	1,266	1,394
Motor Dealers Compensation Fees	855	1,241	855	1,241
Fines / Penalties	35	238	35	238
Other Fees	8,497	8,065	8,497	8,065
	59,562	58,245	59,562	58,245

(e) Grants and Contributions

	Consolidated		Department of Finance and Services	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Contribution from Rental Bond Board(i)	13,444	12,311	13,444	12,311
Metropolitan Water CSO Grants(ii)	5,142	1,296	5,142	1,296
Other	1,203	390	1,203	390
	19,789	13,997	19,789	13,997

- (i) The cost of running the residential tenancy function of the Consumer Trader and Tenancy Tribunal is split 50/50 by the Rental Bond Board and the Property Services Statutory Interest Fund. This grant reflects the Rental Bond Board's contribution to the cost of administering this function.
- (ii) Community Service Obligation Grant Programs administered by Metropolitan Water.

(f) Acceptance by the Crown Entity of employee benefits and other liabilities

The following liabilities and/or expenses have been assumed by the Crown Entity or other Government entities:

	Consolidated		Department of Finance and Services	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Superannuation - defined benefit	6,456	4,056	6,456	4,056
Long service leave	16,844	3,842	16,844	3,842
Payroll tax	338	214	338	214
	23,638	8,112	23,638	8,112

(g) Proceeds of Sale of StateFleet Motor Vehicles

	Consolidated		Department of Finance and Services	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Gross proceeds of sale of motor vehicles	150,012	155,422	150,012	155,422
Less: Selling costs	(3,297)	(3,413)	(3,297)	(3,413)
	146,715	152,009	146,715	152,009

(h) Other Revenue

	Consolidated		Department of Finance and Services	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Other	3,136	278	3,136	278

4. (a) GAIN/(LOSS) ON DISPOSAL

	Consolidated		Department of Finance and Services	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Gain/(loss) on disposal of property, plant & equipment and intangibles (other than StateFleet Motor Vehicles)				
Proceeds from disposal	3,688	93	3,688	93
Written down value of assets disposed	(1,650)	(7,965)	(1,650)	(7,965)
Net gain/(loss) on disposal of property, plant & equipment and intangibles (other than StateFleet Motor Vehicles)	2,038	(7,872)	2,038	(7,872)

(b) OTHER GAINS/(LOSSES)

	Consolidated		Department of Finance and Services	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Increase in allowance for impairment				
Sale of goods and services	(954)	83	(954)	83
Retained taxes, fees, fines and Other	(3,163)	(1,650)	(3,163)	(1,650)
Loss on investments	(1,515)	-	(1,515)	-
Net other gains/(losses)	(5,632)	(1,567)	(5,632)	(1,567)

5. PROGRAMS / ACTIVITIES OF THE DEPARTMENT

1. Fair Trading

This service group covers fair trading policy development and regulatory review, provision of information to consumers and traders and enforcement of compliance with fair trading laws and impartial dispute resolution through an independent tribunal.

2. NSW Public Works

This service group covers the expert advice and professional services in planning, design, delivery and maintenance of building and engineering projects, provided to government agencies on a 'fee for service basis', including the provision of planning and building, design services, management of construction projects, finding sustainable solutions to the problems of capturing, treating and distributing water.

3. Government Services

This service group covers essential client facing shared transactional and corporate services to NSW Government agencies in the areas of procurement, property management, fleet, information technology, human resources, finance and business services. This service group plays a pivotal role in supporting agencies in savings and efficiencies through aggregated purchasing and economies of scale, IT service delivery and corporate and share services reform.

4. Policy and Strategy

This service group covers industrial relations policy development and review, provision of information to employers and employees and enforcement of compliance with industrial relations laws through inspection of NSW workplaces. This service group also covers the development of government ICT and procurement policy, and administration of the Office of Finance and Metropolitan Water.

5. Office of State Revenue

This service group covers revenue administration services, fines management, debt management, and benefit administration services, as well as ensuring the provision of relevant information and education to ensure people are aware of their liabilities and entitlements. OSR also covers the implementation of targeted compliance programs to ensure tax evaders are caught and all unpaid tax and fine liabilities are recovered.

6. Land and Property Information

This service group covers the provision of titling, valuation, surveying, mapping and spatial services to the people of NSW on a commercial basis. These services provide support to the property industry of NSW and includes the statutory functions of the Registrar General, Surveyor General and Valuer General.

7. Personnel Services

This service group covers providing personnel services to the State Property Authority, Teachers Housing Authority, Waste Assets Management Corporation, State Records Authority, the Board of Surveying and Spatial Information, Long Service Corporation and Housing NSW staff involved in asset management (known as Land and Housing Corporation (LAHC)).

As part of the administrative restructure announced on 1 April 2011, LAHC staff were transferred in to the Department of Finance and Services on 1 July 2011.

Details of Assets and Liabilities transferred are disclosed in Note 18. Details of expenses and revenues as a result of transfers are as follows:

- (i) Transfer of LAHC staff within Department of Family and Community Services (DFCS) to Department of Finance and Services (DFS) resulted in recognising employee related expenses of \$54.9M, recurrent appropriation deficit of \$134.6M and LAHC Fee Recovery of \$189.5M. The transfer resulted in a nil effect on net result and is reflected in DFS' Statement of Comprehensive Income.

6. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	Consolidated		Department of Finance and Services	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cash at bank and on hand	165,950	116,399	163,353	113,937
Hour Glass Cash Facility	140,604	214,860	140,604	214,860
Motor vehicle reserve	74,269	28,723	74,269	28,723
Special purpose funds (refer Note 25)	126,260	116,253	126,260	116,253
	507,083	476,235	504,486	473,773

For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at bank, deposit with TCorp, Cash Facility and Cash Plus Facility.

Cash assets recognised in the Statement of Financial Position are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows as follows:

	Consolidated		Department of Finance and Services	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cash (per Statement of Financial Position)	507,083	476,235	504,486	473,773
Closing cash and cash equivalents (per Statement of Cash Flows)	507,083	476,235	504,486	473,773

Refer Note 31 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. CURRENT / NON-CURRENT ASSETS - RECEIVABLES

	Consolidated		Department of Finance and Services	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Sale of goods and services	181,127	206,125	179,251	204,510
Less: Allowance for impairment	(758)	(979)	(758)	(979)
	180,369	205,146	178,493	203,531
Retained taxes, fees and fines	9,466	9,360	9,466	9,360
Less: Allowance for impairment	(7,188)	(4,288)	(7,188)	(4,288)
	2,278	5,072	2,278	5,072
Other	359	132	359	132
Less: Allowance for impairment	-	-	-	-
	359	132	359	132
Accrued bank interest	5,490	5,299	5,490	5,299
Long service leave reimbursable by the Crown Entity	56,713	50,760	56,713	50,760
Work in Progress(i)	10,342	28,441	10,342	28,441
Employee provisions recoverable from other agencies	13,321	10,566	13,321	10,566
Accrued income	21,688	11,864	21,688	11,864
Other	10,650	7,081	10,650	7,081
	301,210	324,361	299,334	322,746

	Consolidated		Department of Finance and Services	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<i>Movement in the allowance for impairment</i>				
Sale of goods and services - allowance for impairment				
Balance at July 1	979	1,308	979	1,308
Transfer in due to administration restructure	-	144	-	144
Amounts written off during the year	(1,167)	(198)	(1,167)	(198)
Amounts recovered during the year	-	(123)	-	(123)
Increase/(decrease) in allowance recognised in profit or loss	946	(152)	946	(152)
Balance at 30 June	758	979	758	979
Retained taxes, fees and fines - allowance for impairment				
Balance at July 1	4,288	2,638	4,288	2,638
Transfer in due to administration restructure	-	-	-	-
Amounts written off during the year	(65)	-	(65)	-
Increase/(decrease) in allowance recognised in profit or loss	2,965	1,650	2,965	1,650
Balance at 30 June	7,188	4,288	7,188	4,288

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 31.

(i) Work in Progress

The NSW Department of Finance and Services acts as principal in the contract for construction works undertaken for clients. The role of the Department includes the payment of contractors on the clients' behalf.

Work in Progress represents the cost of all works in progress less progress billings to clients and is net of a provision for uncollectable work in progress of \$3.7M (\$3.2M in 2011). At 30 June 2012, work in the ground was valued at \$56.4M (\$94.7M 2011) and this accrual is reflected in current liabilities (refer Note 13).

The contract conditions allow the Department to require performance bonds from the contractors in the form of cash deposit, unconditional bank guarantee or insurance bonds to cover the Department against losses that may arise from uncompleted or faulty jobs.

Australian Accounting Standard AASB 111 *Construction Contracts* requires the amount due from customers for contract work to be disclosed as an asset (Work in Progress) and the amount due to customers for contract work as a liability (Advance Claim). The Standard also requires disclosure of the aggregate of contract costs and aggregate of consideration received and receivable as progress billings. Gross Work in Progress and billings to date are as follows:

	Consolidated		Department of Finance and Services	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Gross work in progress as at 30 June	586,732	570,626	586,732	570,626
Billings to date	(572,704)	(539,017)	(572,704)	(539,017)
Net work in progress	14,028	31,609	14,028	31,609
Allowance for uncollectable work in progress	(3,686)	(3,168)	(3,686)	(3,168)
Work in progress as per Statement of Financial Position	10,342	28,441	10,342	28,441

Under the security of payment legislation, General Conditions of Contract AS 2124 and GC21 contracts, there are specific conditions relating to the payment of contractor claims for work completed. Penalties for failure to adhere to these conditions include payment of interest. To ensure contractual payment obligations are met, agreements have been made for major clients to pay according to a monthly cash flow determined on the basis of client funds being lodged in the Department of Finance and Services' bank account to facilitate the payment of contractors' claims. The Standard requires advances received from clients to be disclosed as a liability. Cash received against advance claims is estimated to be \$6.966M as at 30 June 2012 (\$8.249M as at June 2011).

Advance claims shown in the Statement of Financial Position as a current liability are as follows:

	Consolidated		Department of Finance and Services	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Advance Claims as per Statement of Financial Position (refer Note 13)	24,195	35,817	24,195	35,817

8. CURRENT / NON-CURRENT ASSETS - INVENTORIES

	Consolidated		Department of Finance and Services	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Current				
Finished goods - at cost	413	344	413	344
Motor vehicle inventory (ref Note 1(i))	5,139	2,802	5,139	2,802
	5,552	3,146	5,552	3,146
Non-current				
Finished goods - at cost	3,750	4,466	3,750	4,466

9. CURRENT ASSETS - FINANCIAL ASSETS AT FAIR VALUE

	Consolidated		Department of Finance and Services	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Financial assets				
TCorp Hour-Glass investment facilities	18,289	21,510	18,289	21,510

Refer Note 31 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

10. CURRENT / NON-CURRENT ASSETS - OTHER

	Consolidated		Department of Finance and Services	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Current Assets				
Prepayments	13,880	7,916	13,685	7,735
Deferred tax assets	666	708	-	-
Other	4,643	15	4,643	15
	19,189	8,639	18,328	7,750
Non-Current Assets				
Personnel Services receivables	38,539	9,132	38,539	9,132
Investments (i), (ii) & (iii)	8,257	24	11,823	24
Deferred tax assets	460	819	-	-
	47,256	9,975	50,362	9,156

- (i) The Department represents the NSW Government on the Board of Public Sector Mapping Authority Ltd. The Department holds one share, but does not have control or significant influence on the policy and operations of PSMA Ltd. The Investment is disclosed at the cost of one dollar.
- (ii) The Department holds 8,127,923 ordinary shares in the capital of National E-Conveyancing Development Limited on behalf of the State of New South Wales, but does not have control or significant influence on the policy and operations of National E-Conveyancing Development Limited. The investment is recognised at \$8.257M, which includes a revaluation gain of \$0.515M.
- (iii) The Department owns 100% of the shares in the Australian Centre for Advanced Computing and Communications Pty Ltd (ac3). The shares were purchased at a book value of \$1.5M and a revaluation gain for \$2.1M. Total value of the investment recognised is \$3.6M, representing 100% ownership of ac3. The balance of this investment has been eliminated upon consolidation.

11. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

As at 30 June

	Consolidated		Department of Finance and Services	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Land and Buildings				
At fair value	112,448	111,330	112,448	111,330
Accumulated depreciation	(3,894)	(2,146)	(3,894)	(2,146)
	108,554	109,184	108,554	109,184
Plant and Equipment				
At fair value	238,772	228,600	236,576	226,743
Accumulated depreciation	(154,565)	(141,036)	(153,638)	(140,421)
	84,207	87,564	82,938	86,322
Motor Vehicles				
At fair value	743,931	744,204	743,931	744,204
Accumulated depreciation	(207,536)	(208,628)	(207,536)	(208,628)
	536,395	535,576	536,395	535,576
Leasehold Improvements				
At fair value	57,216	48,871	51,015	41,653
Accumulated depreciation	(25,413)	(19,153)	(21,707)	(16,024)
	31,803	29,718	29,308	25,629
Total Property, Plant and Equipment at Net Carrying Amount	760,959	762,042	757,195	756,711

Reconciliation - Consolidated Entity

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

Year Ended 30 June	Land and Buildings \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Leasehold Improvements \$'000	Total \$'000
2012 - Consolidated Entity					
Carrying amount at start of year	109,184	87,564	535,576	29,718	762,042
Additions	1,118	17,525	264,089	3,153	285,885
Disposals	-	33	(118,775)	-	(118,742)
Depreciation expense	(1,748)	(24,112)	(142,157)	(8,146)	(176,163)
Reclassifications / write off	-	3,197	(2,338)	7,078	7,937
Carrying amount at end of year	108,554	84,207	536,395	31,803	760,959
2011 - Consolidated Entity					
Carrying amount at start of year	21,429	77,270	533,089	23,305	655,093
Assets transferred on administrative restructure	84,229	22,075	-	3,222	109,526
Additions	981	9,146	276,010	8,159	294,296
Disposals	-	(44)	(123,576)	-	(123,620)
Revaluation increments	3,103	-	-	-	3,103
Depreciation expense	(558)	(20,354)	(147,146)	(4,968)	(173,026)
Transfer Out (other Agencies)	-	(126)	-	-	(126)
Reclassifications / write off	-	(403)	(2,801)	-	(3,204)
Carrying amount at end of year	109,184	87,564	535,576	29,718	762,042

Reconciliation - Parent Entity

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

Year Ended 30 June	Land and Buildings \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Leasehold Improvements \$'000	Total \$'000
2012 - Parent Entity					
Carrying amount at start of year	109,184	86,322	535,576	25,629	756,711
Additions	1,118	17,078	264,089	3,153	285,438
Disposals	-	33	(118,775)	-	(118,742)
Depreciation expense	(1,748)	(23,692)	(142,157)	(6,552)	(174,149)
Reclassifications / write off	-	3,197	(2,338)	7,078	7,937
Carrying amount at end of year	108,554	82,938	536,395	29,308	757,195

Year Ended 30 June	Land and Buildings \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Leasehold Improvements \$'000	Total \$'000
2011 - Parent Entity					
Carrying amount at start of year	21,429	76,545	533,089	19,765	650,828
Assets transferred on administrative restructure	84,229	22,075	-	3,222	109,526
Additions	981	8,326	276,010	6,074	291,391
Revaluation increments	3,103	-	-	-	3,103
Disposals	-	(44)	(123,576)	-	(123,620)
Depreciation expense	(558)	(20,051)	(147,146)	(3,432)	(171,187)
Transfer Out (other Agencies)	-	(126)	-	-	(126)
Reclassifications / write off	-	(403)	(2,801)	-	(3,204)
Carrying amount at end of year	109,184	86,322	535,576	25,629	756,711

12. INTANGIBLE ASSETS

As at 30 June

	Consolidated		Department of Finance and Services	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Software				
Gross carrying amount	350,636	318,449	350,636	318,449
Accumulated amortisation	(221,664)	(203,005)	(221,664)	(203,005)
Net carrying amount	128,972	115,444	128,972	115,444

Reconciliation - Consolidated Entity

Reconciliations of the carrying amounts of each class intangible assets at the beginning and end of the current reporting period are set out below:

Year Ended 30 June	Software \$'000	Total \$'000
2012 - Consolidated Entity		
Carrying amount at start of year	115,444	115,444
Additions	55,863	55,863
Amortisation	(29,968)	(29,968)
Reclassifications / write off	(12,367)	(12,367)
Carrying amount at end of year	128,972	128,972
2011 - Consolidated Entity		
Carrying amount at start of year	53,667	53,667
Assets transferred on administrative restructure	59,393	59,393
Additions	21,159	21,159
Amortisation	(16,422)	(16,422)
Transfers	(608)	(608)
Reclassifications / write off	(1,745)	(1,745)
Carrying amount at end of year	115,444	115,444

Reconciliation - Parent Entity

Reconciliations of the carrying amounts of each class intangible assets at the beginning and end of the current reporting period are set out below:

	Software \$'000	Total \$'000
Year Ended 30 June		
2012 - Parent Entity		
Carrying amount at start of year	115,444	115,444
Additions	55,863	55,863
Amortisation	(29,968)	(29,968)
Reclassifications / write off	(12,367)	(12,367)
Carrying amount at end of year	128,972	128,972
	Software \$'000	Total \$'000
Year Ended 30 June		
2011 - Parent Entity		
Carrying amount at start of year	53,667	53,667
Assets transferred on administrative restructure	59,393	59,393
Additions	21,159	21,159
Depreciation expense	(16,422)	(16,422)
Transfers out	(608)	(608)
Reclassifications / write off	(1,745)	(1,745)
Carrying amount at end of year	115,444	115,444

13. CURRENT LIABILITIES - PAYABLES

	Consolidated		Department of Finance and Services	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Accrued salaries, wages and on-costs	35,907	15,932	35,907	15,932
Creditors	143,147	108,504	141,529	106,884
Advance claims (refer Note 7)	24,195	35,817	24,195	35,817
Amounts due to contractors for work in progress (refer Note 7)	56,446	94,711	56,446	94,711
Other	25,555	39,451	25,555	39,451
	285,250	294,415	283,632	292,795

Refer Note 31 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

14. CURRENT / NON-CURRENT LIABILITIES - BORROWINGS

	Consolidated		Department of Finance and Services	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Current Liabilities				
TCorp borrowings	201,662	214,236	200,426	212,665
Non-Current Liabilities				
TCorp borrowings	354,597	331,635	354,597	331,635
Other borrowings	1,423	2,659	-	-
	356,020	334,294	354,597	331,635
Total Borrowings	557,682	548,530	555,023	544,300

The Department has a loan facility with TCorp with a limit of \$650M to fund the StateFleet Leasing Arrangement. Each month funds are drawn from this facility to cover the purchase price of motor vehicles purchased during the previous month. Monthly settlement of principal and interest are made in respect of loan funds drawn down in prior months based on repayment schedules calculated according to individual vehicle lease terms, residuals and capital costs. The monthly settlement also includes repayment of outstanding principal for vehicles disposed of during the preceding month. (Borrowings are recognised at amortised cost using the effective interest method in AASB 139.)

Out of this facility \$555M (parent entity) was utilised as at 30 June 2012 (\$544.3M, 30 June 2011).

Refer Note 31 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

15. CURRENT LIABILITIES - PROVISIONS

	Consolidated		Department of Finance and Services	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Employee benefits and related on-costs				
Recreation leave	47,952	41,135	47,661	40,883
Long service leave	97,813	93,335	97,658	93,235
Other on-costs	26,160	21,538	26,160	21,538
	171,925	156,008	171,479	155,656
Other Provisions				
Provision for outstanding claims	4,051	2,615	4,051	2,615
Other minor provisions	2,032	300	1,981	256
	6,083	2,915	6,032	2,871
Total Current Provisions	178,008	158,923	177,511	158,527
Aggregate employee benefits and related on-costs				
Provisions - current	171,925	156,008	171,479	155,656
Accrued salaries, wages and on-costs (Note 13)	35,907	15,932	35,907	15,932
	207,832	171,940	207,386	171,588
Employee benefits expected to be settled within 12 months from the reporting date				
Recreation leave	43,528	39,997	43,237	39,745
Long service leave	19,837	17,455	19,741	17,385
	63,365	57,452	62,978	57,130
Employee benefits expected to be settled in more than 12 months from the reporting date				
Recreation leave	4,424	1,138	4,424	1,138
Long service leave	77,976	75,880	77,917	75,850
	82,400	77,018	82,341	76,988
Movements in provisions (other than employee benefits)				
Movements in each class of provision during the financial year, other than employee benefits are set out below:				
Provision for outstanding claims				
Carrying amount as at beginning of the year	2,615	2,884	2,615	2,884
Increase/(decrease) in provision from remeasurement	1,436	(269)	1,436	(269)
Carrying amount at end of financial year	4,051	2,615	4,051	2,615
Other provisions				
Carrying amount as at beginning of the year	300	-	256	-
Increase/(decrease) in provision from remeasurement	1,732	300	1,725	256
Carrying amount at end of financial year	2,032	300	1,981	256

16. CURRENT / NON-CURRENT LIABILITIES - OTHER

	Consolidated		Department of Finance and Services	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Current Liabilities				
Contribution to NSW Treasury	37,590	42,579	37,590	42,579
Excess Consolidated Fund draw down	7,826	1,884	7,826	1,884
	45,416	44,463	45,416	44,463
Other creditors and accruals	269	438	269	438
Other	1,967	1,577	1,651	1,317
Deferred tax liabilities	360	478	-	-
	2,596	2,493	1,920	1,755
	48,012	46,956	47,336	46,218
Non Current Liabilities				
Defined Benefit Superannuation Schemes	860,203	278,320	860,203	278,320
Deferred tax liabilities	389	748	-	-
Other	1,212	1,180	1,059	929
	861,804	280,248	861,262	279,249

17. DEFINED BENEFIT SUPERANNUATION SCHEMES

Accounting Policy

Actuarial gains and losses are recognised immediately in Other Comprehensive Income in the year in which they occur.

Fund Information

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Superannuation Scheme (SSS);
- State Authorities Superannuation Scheme (SASS);
- State Authorities Non Contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes - at least a component of the final benefit is derived from a multiple of member salary and year of membership. All the schemes are closed to new members.

Reconciliation of the Present Value of the Defined Benefit Obligations

A reconciliation of the present value of the defined benefit obligation for the financial year to 30 June 2012 is as follows:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Present value of defined benefit obligations at beginning of the year	183,134	55,454	1,353,653	1,592,241
Current service cost	5,269	2,412	5,612	13,293
Interest cost	9,253	2,754	70,010	82,017
Contributions by fund participants	2,859	-	7,888	10,747
Actuarial losses	22,813	5,092	473,705	501,610
Benefits paid	(19,531)	(8,091)	(69,047)	(96,669)
Present value of defined benefit obligations at end of the year	203,797	57,621	1,841,821	2,103,239

Comparative information as at 30 June 2011 is as follows:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Present value of defined benefit obligations at beginning of the year	168,990	53,702	1,319,842	1,542,534
Current service cost	5,099	2,393	6,505	13,997
Interest cost	8,426	2,635	66,943	78,004
Contributions by fund participants	2,760	-	8,098	10,858
Actuarial (gains)/losses	1,992	112	(12,292)	(10,188)
Benefits paid	(6,592)	(3,991)	(48,795)	(59,378)
Business combinations	2,459	603	13,352	16,414
Present value of defined benefit obligations at end of the year	183,134	55,454	1,353,653	1,592,241

Reconciliation of the Fair Value of Fund Assets

A reconciliation of the fair value of fund assets for the financial year to 30 June 2012 is as follows:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Fair value of fund assets at beginning of the year	169,237	53,042	1,093,290	1,315,569
Expected return on fund assets	13,972	4,326	91,921	110,219
Actuarial (losses)	(12,278)	(4,364)	(90,080)	(106,722)
Employer contributions	2,223	1,141	6,530	9,894
Contributions by fund participants	2,858	-	7,888	10,746
Benefits paid	(19,531)	(8,089)	(69,048)	(96,668)
Fair value of fund assets at end of the year	156,481	46,056	1,040,501	1,243,038

Comparative information as at 30 June 2011 is as follows:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Fair value of fund assets at beginning of the year	154,123	51,230	1,029,772	1,235,125
Expected return on fund assets	12,810	4,215	86,685	103,710
Actuarial gains/(losses)	1,587	(49)	1,134	2,672
Employer contributions	1,775	1,004	6,365	9,144
Contributions by fund participants	4,710	-	8,097	12,807
Benefits paid	(8,543)	(3,993)	(49,490)	(62,026)
Business combinations	2,775	635	10,727	14,137
Fair value of fund assets at end of the year	169,237	53,042	1,093,290	1,315,569

Reconciliation of Assets and Liabilities

A summary of assets and liabilities recognised in the Statement of Financial Position as at 30 June 2012 is as follows:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Present value of partly funded defined benefit obligation at end of year	203,799	57,622	1,841,820	2,103,241
Fair value of fund assets at end of year	(156,482)	(46,057)	(1,040,499)	(1,243,038)
Sub Total	47,317	11,565	801,321	860,203
Adjustment for limitation on net asset	-	-	-	-
Net liability (refer Note 16)	47,317	11,565	801,321	860,203

Comparative information as at 30 June 2011 is as follows:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Present value of partly funded defined benefit obligation at end of year	183,136	55,454	1,353,652	1,592,242
Fair value of fund assets at end of year	(169,239)	(53,043)	(1,093,291)	(1,315,573)
Sub Total	13,897	2,411	260,361	276,669
Adjustment for limitation on net asset	1,375	276	-	1,651
Net liability (refer Note 16)	15,272	2,687	260,361	278,320

Expense Recognised in Comprehensive Income Statement

Total expense recognised in Comprehensive Income Statement for the period 1 July 2011 to 30 June 2012 is summarised below:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Current service cost	5,269	2,413	5,612	13,294
Interest cost	9,253	2,755	70,010	82,018
Expected return on fund assets (net of expenses)	(13,971)	(4,327)	(91,920)	(110,218)
Sub Total	551	841	(16,298)	(14,906)
Employer Contributions	-	-	-	-
Expense/(income) recognised	551	841	(16,298)	(14,906)

Comparative information as at 30 June 2011 is as follows:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Current service cost	1,692,293	2,423	6,516	1,701,232
Interest cost	2,149,284	2,667	67,614	2,219,565
Expected return on fund assets (net of expenses)	(3,384,432)	(4,270)	(87,566)	(3,476,268)
Sub Total	457,145	820	(13,436)	444,529
Employer Contributions	-	-	-	-
Expense/(income) recognised	457,145	820	(13,436)	444,529

Amount Recognised in Other Comprehensive Income

Total amount recognised in Other Comprehensive Income during 2012 is as follows:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Actuarial losses recognised in year	35,090	9,455	563,786	608,331
Adjustment for limit on net asset	(1,376)	(276)	-	(1,652)
	33,714	9,179	563,786	606,679

Comparative information as at 30 June 2011 is as follows:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Actuarial losses/(gains) recognised in year	441	133	(13,302)	(12,728)
Adjustment for limit on net asset	1,375	276	-	1,651
	1,816	409	(13,302)	(11,077)

Cumulative Amount Recognised in Other Comprehensive Income

Cumulative amount of actuarial gain and losses recognised in the Statement of Comprehensive Income during 2011/12 is as follows:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Cumulative amount of actuarial losses	43,233	11,578	777,485	832,296
Cumulative adjustment for limitation on net asset	(1)	-	-	(1)

Comparative information as at 30 June 2011 is as follows:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Cumulative amount of actuarial losses	8,143	2,123	213,699	223,965
Cumulative adjustment for limitation on net asset	1,375	276	-	1,651

Fund Assets

The percentage invested in each asset class at the Statement of Financial Position date:

	30 June 2012	30 June 2011
Australian equities	28.0%	33.4%
Overseas equities	23.7%	29.5%
Australian fixed interest securities	4.9%	5.7%
Overseas fixed interest securities	2.4%	3.1%
Property	8.6%	9.9%
Cash	19.5%	5.1%
Other	12.9%	13.3%

Fair Value of Fund Assets

All Fund assets are invested by Superannuation Trustee Corporation at arm's length through independent fund managers.

Expected Rate of Return on Assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual Return on Fund Assets

A summary of actual return on fund assets for the year ended 30 June 2012 is provided below:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Actual return on fund assets	(16)	(37)	331	278

Comparative figures for the year ended 30 June 2011 are as follows:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Actual return on fund assets	13,196	4,220	86,795	104,211

Valuation Method and Principal Actuarial Assumptions at the Statement of Financial Position Date

Details of valuation method and principal actuarial assumptions as at the reporting date are as follows:

a) Valuation Method

The Projected Unit Credit valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

b) Economic Assumptions

	30 June 2012	30 June 2011
Salary increase rate (excluding promotional increases)	2.5% per annum	3.5% per annum
Rate of CPI increase	2.5% per annum	2.5% per annum
Expected rate of return on assets	8.60% per annum	8.60% per annum
Discount rate	3.06% per annum	5.28% per annum

c) Demographic Assumptions

The demographic assumptions at 30 June 2012 are those that were used in the 2009 triennial actuarial valuation. The triennial review report will be available from the NSW Treasury website.

Historical Information

Historical information for the current and previous four annual reporting periods are to be reported. However, as this is the third reporting period for the Department of Finance and Services, only the current and prior two years information is provided below:

2011/12	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Present value of defined benefit obligation	203,797	57,621	1,841,821	2,103,239
Fair value of fund assets	(156,481)	(46,056)	(1,040,501)	(1,243,038)
Deficit in Fund	47,317	11,565	801,321	860,203
Experience adjustments - fund liabilities	22,813	5,092	473,705	501,610
Experience adjustments - fund assets	12,278	4,363	90,081	106,722

2010/11	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Present value of defined benefit obligation	183,134	55,454	1,353,653	1,592,241
Fair value of fund assets	(169,237)	(53,042)	(1,093,290)	(1,315,569)
Deficit in Fund	15,272	2,687	260,361	278,320
Experience adjustments - fund liabilities	2,057	80	(13,358)	(11,221)
Experience adjustments - fund assets	(1,634)	53	(740)	(2,321)

2009/10	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Present value of defined benefit obligation	124,017	31,106	822,134	977,257
Fair value of fund assets	(112,417)	(30,267)	(707,861)	(850,545)
Deficit in Fund	11,600	839	114,273	126,712
Experience adjustments - fund liabilities	6,246	2,048	47,675	55,969
Experience adjustments - fund assets	(1,497)	(204)	(5,131)	(6,832)

Expected Contributions

Expected employer contributions to be paid in the next reporting period are as follows:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Expected contributions	1,892	1,057	6,207	9,156

Funding Arrangements for Employer Contributions

a) Surplus/(Deficit)

The following is a summary of the 30 June 2012 financial position of the Fund calculated in accordance with AAS 25 - Financial Reporting by Superannuation Plans.

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Accrued benefit	169,341	49,295	1,003,386	1,222,022
Net market value of Fund assets	(156,481)	(46,057)	(1,040,500)	(1,243,038)
Net (surplus)/deficit	12,860	3,238	(37,114)	(21,016)

Comparative figures as at 30 June 2011 are as follows:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Accrued benefit	167,737	51,079	972,713	1,191,529
Net market value of Fund assets	(169,237)	(53,043)	(1,093,291)	(1,315,571)
Net (surplus)	(1,500)	(1,964)	(120,578)	(124,042)

b) Contribution Recommendations

Recommended contribution rates for the entity are:

SASS	SANCS	SSS
Multiple of member contributions	Percentage member salary	Multiple of member contributions
0%	0%	0%

During 2011/12 the commercial business units of the Department, including NSW Public Works and NSW Procurement, were on a contribution holiday. This is expected to continue for the 2012/13 financial year.

c) Funding Method

Contribution rates are set after discussions between the employer, SAS Trustees Corporation and NSW Treasury.

d) Economic Assumptions

The economic assumptions adopted for the 2009 actuarial review of the Fund were:

Weighted Average Assumptions	
Expected rate of return on Fund assets backing pension liabilities	8.3% per annum
Expected rate of return on Fund assets backing other liabilities	7.3% per annum
Expected salary increase rate	4.0% per annum
Expected rate of CPI increase	2.5% per annum

Nature of Asset/Liability

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligation.

18. INCREASE/DECREASE IN NET ASSETS FROM EQUITY TRANSFERS

Assets and liabilities transferred to the Department of Finance and Services on 1 July 2011 with respect to LAHC are summarised as assets \$20.1M (receivables) and liabilities \$14.5M (provisions) and \$5.6M (other non-current liabilities). The transfer had a nil impact on net assets. Further details of the LAHC transfer are set out in Note 5.

Australian Centre for Advanced Computing and Communication Pty Ltd (AC3) shares held by the NSW Government Telecommunications Authority (Telco) were transferred to the Department on 29 June 2012. This transfer has resulted in an increase in investment in AC3 by \$0.9M which is now fully owned by the Department.

19. COMMITMENTS FOR EXPENDITURE

(a) Capital Commitments

	Consolidated		Department of Finance and Services	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Aggregate capital expenditure for the acquisition of information technology equipment and other equipment contracted for at balance date and not provided for:				
Not later than one year	6,551	3,777	6,551	3,777
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total (including GST)	6,551	3,777	6,551	3,777

(b) Operating Lease Commitments

	Consolidated		Department of Finance and Services	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Future non-cancellable operating lease rentals not provided for and payable:				
Not later than one year	42,199	36,411	40,020	35,510
Later than one year and not later than five years	147,506	98,062	142,556	96,033
Later than five years	180,227	81,080	178,806	81,080
Total (including GST)	369,932	215,553	361,382	212,623

The total commitments above include input tax credits of \$33.5M (\$23.9M in 2011) that are expected to be recovered from the Australian Taxation Office.

The Department has entered into operating lease agreements with government agencies and private companies for provision of accommodation and plant and equipment for the Department's use.

Property Leases

Accommodation leases are entered into with the State Property Authority and private sector companies. The term of accommodation leases range from two to ten years with the option for renewal for further terms. The lease agreement allows the lessor to review rents on specified dates. There is no option for the purchase of buildings at the expiry of the lease term. Recurrent outgoings including cleaning, electricity, rates, management fee and public liability insurance is the responsibility of the Department and all repairs and maintenance of a structural or capital nature is the responsibility of the lessor.

Equipment Leases

The Department leases equipment, including document reproduction machines and scanning machines, from private sector companies. The lease term is generally five years with the option for renewal for further term. Early termination fee is applicable for termination of the contract before the expiry of the contract term. There is no option for the purchase of equipment at the expiry of the lease term.

Data Centre Lease

As part of the Data Centre Reform Project the NSW Government entered into an Agreement for Lease and Service Deed with a third party contractor on 25 May 2012 to provide data capacity across the government sector. The Department of Finance and Services will manage this lease commitment on behalf of the government. The total commitment over a 10-year period starting 1 July 2013 is \$143.6M. The cost of this commitment will be offset by Fees for Service recovered from other government agencies mandated to utilise the load capacity of the Data Centres. Any shortfall in utilised load capacity and therefore in lease costs recovered from participating agencies will be underwritten by the NSW Government.

20. LEASE REVENUE COMMITMENTS

	Consolidated		Department of Finance and Services	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Aggregate lease revenue for StateFleet motor vehicles:				
Not later than one year	148,342	154,401	148,342	154,401
Later than one year and not later than five years	120,396	113,796	120,396	113,796
Later than five years	31	44	31	44
Total (including GST)	268,769	268,241	268,769	268,241

The above lease commitment includes GST of \$24.4M (\$24.4M in 2011) that is expected to be paid to the Australian Taxation Office.

The NSW Government introduced the StateFleet Leasing Arrangement in 2003 for the provision of passenger and commercial motor vehicles to budget sector and other approved agencies.

All new motor vehicles delivered to the approved client agencies are financed under the StateFleet Leasing Arrangement. This arrangement is financed by the NSW Treasury Corporation and managed by StateFleet.

The lease agreement is a long term rental arrangement which provides clients with a vehicle in return for a fixed monthly payment. StateFleet retains all the capital risks and costs associated with ownership of vehicle. When the client returns the vehicle there is no residual liability on sale.

21. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	Consolidated		Department of Finance and Services	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Liabilities				
Estimated legal liability	-	366	-	366
Assets				
Bank guarantees	6,248	2,350	6,248	2,350

(a) Insurance claims

The Department may be liable for payment of compensation arising from claims and other matters subject to litigation. The amounts involved cannot be accurately determined and in some instances are subject to arbitration. These claims are covered by the Treasury Managed Fund.

(b) Bank Guarantees

The Department holds bank guarantees from certain suppliers and customers. The Department may choose to exercise these guarantees, in case of breach of contract.

22. BUDGET REVIEW

Net result

Actual net result for the Department for 2011/12 is \$71.1M compared to the budget of \$51.3M, a favourable variance of \$19.8M. The improvement is mainly attributed to a favourable variance of \$5.7M from the profit on sale of motor vehicles and better than budgeted operating results across various Divisions of the Department partly offset by negative variances in some Divisions have contributed to the favourable variance.

Assets and Liabilities

The Department's total assets as at 30 June 2012 were \$1,786M compared to the original budget of \$1,834M. The decrease is mainly due to the variance in Property, Plant and Equipment due to significant under expenditure on capital programs partly offset by an increase in receivables from Personnel Services related entities. Total liabilities were \$1,925M higher than the original budget of \$1,413M, mainly due to a significant increase in unfunded superannuation liabilities.

Cash Flows

Net increase in cash during the year is \$30.7M compared to a budgeted net decrease in cash of \$73.2M. This favourable variance is a combination of net cash inflow from operating activities \$54.9M higher than budget and cash outflows from investing activities \$57.5M lower than budget, partly offset by a decrease in cash inflows from financing activities.

23. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	Consolidated		Department of Finance and Services	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Net cash used on operating activities	216,259	55,397	214,106	52,469
Depreciation	(206,131)	(189,448)	(204,117)	(187,609)
(Increase) in provisions	(11,055)	(21,721)	(11,000)	(21,717)
(Decrease) in Work in Progress	(18,407)	(6,613)	(18,407)	(6,613)
Increase/(decrease) in debtors and prepayments	31,462	(11,240)	31,239	(11,595)
Decrease in advance billings	11,622	27,499	11,622	27,719
Decrease in creditors	17,732	122,961	17,682	123,623
Net gain on sale of plant and equipment	29,978	20,562	29,978	20,562
Net result	71,460	(2,603)	71,103	(3,161)

24. TRUST FUNDS

(a) Funeral Fund

The Department administers money in a Miscellaneous Trust Fund held at Treasury which is used for payments to claimants against the Russell Kinsella Funeral Fund as a result of voluntary liquidation of Russell Kinsella Proprietary Limited in 1982. These monies are excluded from the financial statements as the Department cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account:

	Consolidated		Department of Finance and Services	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Funeral Fund				
Cash balance at the beginning of the financial year	111	111	111	111
Cash balance at the end of the financial year	111	111	111	111

There were no transactions in this account during the year.

(b) Land Acquisition (Just Terms Compensation) Trust

Under Section 51 of the *Land Acquisition (Just Terms Compensation) Act 1991* the Department is required to pay any unpaid compensation into a Trust Account. These monies are excluded from the financial statements as the Department cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account:

	Consolidated		Department of Finance and Services	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Land Acquisition (Just Terms Compensation) Act				
Cash balance at the beginning of the financial year	267	267	267	267
Add: Receipts	6	-	6	-
Cash balance at the end of the financial year	273	267	273	267

(c) Unclaimed Money Trust Accounts

As at 30 June 2012

	Testamentary & Trust Common Fund \$'000	Testamentary & Trust Interest \$'000	Companies Liquidation \$'000	Total \$'000
Cash balance as at beginning of the year	4,341	9,015	17	13,373
Add: Receipts	-	616	-	616
Less: Expenditure	-	-	-	-
Transfers to Crown	-	-	-	-
Cash balance at the end of the financial year	4,341	9,631	17	13,989

Comparative information as at 30 June 2011 is as follows:

	Testamentary & Trust Common Fund \$'000	Testamentary & Trust Interest \$'000	Companies Liquidation \$'000	Total \$'000
Cash balance transferred at 1 April 2011	4,342	9,015	17	13,374
Add: Receipts	-	-	-	-
Less: Expenditure	(1)	-	-	(1)
Transfers to Crown	-	-	-	-
Cash balance at the end of the financial year	<u>4,341</u>	<u>9,015</u>	<u>17</u>	<u>13,373</u>

(d) State Debt Recovery Office (SDRO) Client Funds Account - Fines

	2012 \$'000	2011 \$'000
Cash balance at beginning of the year	16,641	15,117
Add: Receipts	132,745	33,912
Less: Payments	(130,267)	(32,388)
Cash balance at the end of the financial year	<u>19,119</u>	<u>16,641</u>

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

(e) SDRO Public Monies Accounts - Fines

	2012 \$'000	2011 \$'000
Cash balance at beginning of the year	17,117	17,828
Add: Receipts	214,197	44,539
Less: Payments	(214,737)	(45,250)
Cash balance at the end of the financial year	<u>16,577</u>	<u>17,117</u>

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

25. SPECIAL PURPOSE FUNDS ADMINISTERED BY THE DEPARTMENT

These funds are included within DFS' Statement of Financial Position.

As at 30 June 2012

	Motor Dealers Compensation Fund \$'000	Property Services Compensation Fund \$'000	Statutory Interest Account \$'000	Home Building Administration Fund \$'000	Torrens Assurance Fund \$'000	Entertainment Industry Bonds \$'000	George Proudman Stonemasonry Fellowship Trust \$'000
Balance as at beginning of year	1,615	21,772	109,227	4,876	-	178	95
Receipts	783	3,633	45,388	8,830	2,883	28	-
Expenditure - Administrative	(225)	(3,535)	(32,750)	(8,290)	-	-	-
Expenditure - Capital	(165)	(2,129)	(71)	-	(7,526)	(68)	-
Balance as at end of year	2,008	19,741	121,794	5,416	(4,643)	138	95

Comparative information as at 30 June 2011 is as follows:

	Motor Dealers Compensation Fund \$'000	Property Services Compensation Fund \$'000	Statutory Interest Account \$'000	Home Building Administration Fund \$'000	Entertainment Industry Bonds \$'000	George Proudman Stonemasonry Fellowship Trust \$'000
Balance as at beginning of year	1,606	25,827	89,775	2,325	176	91
Receipts	774	4,004	45,113	13,192	40	4
Expenditure - Administrative	(765)	(8,059)	(24,293)	(10,641)	(38)	-
Expenditure - Capital	-	-	(1,368)	-	-	-
Balance as at end of year	1,615	21,772	109,227	4,876	178	95

The Motor Dealers Act 1974 established the **Motor Dealers Compensation Fund** to provide protection to persons who have suffered a loss in connection with a motor vehicle through their dealings with a motor dealer or a car-market operator. Licensing fees paid by full dealers and car-market operators finance the fund. Claims are usually made on the fund when a motor dealer ceases to trade either on a voluntary basis or a forced closure.

The Property, Stock and Business Agents Act 2002 established the **Property Services Compensation Fund** which is supported by:

- (i) investment income earned on the investments of the fund;
- (ii) contributions or levies paid by licensees; and
- (iii) other lawful receipts.

the money in the Compensation Fund is applied to:

- (i) payment of claims, as provided by the Act;
- (ii) legal expenses in relation to claims, licensing objections and complaints for cancellation, incurred in relation to the Fund;
- (iii) the expense involved in the administration of the Fund; and
- (iv) other lawful expenses.

The **Statutory Interest Account** is supported by interest earned on trust money held by Real Estate Agents and investments made by the Department.

The **Home Building Administration Fund** is supported by:

- (i) prescribed fees for contractor licences, registration certificates, owner-builder permits and building consultancy licences;
- (ii) investment income earned on the investments of the Fund; and
- (iii) other lawful receipts.

the money in the Home Building Administration Fund is applied to:

- (i) meeting the costs of operating the scheme;
- (ii) meeting the costs of administering the Home Building Act 1989; and
- (iii) the making of any authorised investments.

The **Entertainment Industry Act 1989**, entertainment industry agents and managers are to establish trust accounts for performers' monies and lodge a bond with the Entertainment Industry Council. The Act deals with the Application/Release of bonds lodged with the Council. The Office of Industrial Relations maintains a register of the bonds lodged/released.

The Real Property Act 1900 establishes The **Torrens Assurance Fund (TAF)** as special deposit account ; which is funded by a component of the fee paid on lodgement of a dealing affecting Real Property land. The Fund is established to pay compensation to a person(s) who has suffered a loss or damage as a consequence of the operation of the Real Property Act including the costs and expenses of the Registrar General in connection with any claim for compensation under the Fund; and the payment of compensation in settling a claim against the Fund.

The initiative to set up the **George Proudman Stonemasonry Fellowship Trust** was undertaken in 2000 with \$20,000 contributions from the Department of Education and Training, the Department of Planning, DSTA and friends of Mr Proudman. Funds will be used for two Fellowships for two stonemasons to undertake successive overseas study tours.

26. ADMINISTERED ASSETS AND LIABILITIES

	2012 \$'000	2011 \$'000
Administered Assets		
Licensing fees	376	1,302
Tax receivables (i)	589,939	1,100,302
Fine receivables	623,953	580,661
	1,214,268	1,682,265
Less:		
Allowance for impairment - taxes	(22,273)	(167,018)
Allowance for impairment - fines	(23,674)	-
Amounts not meeting asset recognition criteria - fines	(366,691)	(366,691)
Total Administered Assets	801,630	1,148,556
Administered Liabilities		
Liability to Consolidated Fund	376	1,302
Taxes & fines paid in advance / overpayments	36,432	14,556
Total Administered Liabilities	36,808	15,858

- (i) Tax receivables includes an assessment totalling \$67.2 million consisting of \$45.3 million assessed duty and \$21.9 million accrued interest which is subject to appeal in the Supreme Court.

27. ADMINISTERED EXPENSES - OTHER

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

	2012	*2011
	\$'000	\$'000
Act of Grace payments	3,447	566
Court imposed interest payments	1,275	-
Unclaimed money refund - S14 <i>Public Finance and Audit Act</i>	191	40
Bad debts expense (i)	245,863	141,810
Land tax discounts (ii)	20,061	3,647
GST rebate - Clubs (iii)	17,179	852
First Home Owners Grant Scheme (FHOGS)	267,938	63,612
Regional relocation grant (iv)	6,034	-
Remissions (v)	39,076	-
Total administered expenses	601,064	210,527

- (i) **Bad Debts** - bad debts expense includes \$311M foregone following the settlement of a matter before the Courts. An initial provision of \$142.6 million was recognised in 2011.
- (ii) **Land Tax Discounts** - a 1.5% discount is offered to land tax clients for full payment of their liability by the first instalment date.
- (iii) **GST Rebate to Clubs** - the GST rebate is paid to clubs to compensate for the impact of the GST. It is based on gaming profits and is paid quarterly.
- (iv) **Regional Relocation Grant** - the grant assists applicants with the cost of relocating from their metropolitan home to a regional home.
- (v) **Remissions** - in accordance with the Taxation Administration Act 1996 administered by OSR, the Chief Commissioner or his delegate has the discretionary power to remit partially or wholly a statutory penalty and/or interest.

* Prior year figures include 12 months information for former Department of Services, Technology & Administration and three months for Office of State Revenue and Land & Property Information.

28. ADMINISTERED INCOME - CROWN ENTITY

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

(a) Revenue earned

	Actual 2012 \$'000	Actual *2011 \$'000
Taxes, penalties and interest		
Duties (i)	5,323,155	1,356,759
Parking space levy (i)	104,078	(307)
Payroll tax (i) (ii)	7,661,379	1,851,671
Land tax (i) (ii)	2,387,150	156,915
Health insurance levy (i)	153,987	36,832
Insurance protection tax	75	249
Sub total	15,629,824	3,402,119
Gaming and racing		
Lotteries	334,627	76,721
Keno tax	13,097	3,475
Totalizator tax on and off course totes (i)	137,960	36,874
Fixed odds sports betting (i)	10,739	2,550
Fixed odds racing betting	9,396	1,454
Footy TAB	754	446
Club gaming devices (i) (iv)	660,899	167,882
Hotel gaming devices (i) (iv)	490,703	108,575
Total gaming and racing	1,658,175	397,977
Total taxes, penalties and interest	17,287,999	3,800,096
Fines		
Motor traffic fines (iii)	313,140	78,090
Fees	46,694	9,474
Court fines	16,215	2,485
Other fines	1,429	394
Total fines	377,478	90,443
Total taxes, fines, penalties and interest	17,665,477	3,890,539
Other		
Tax equivalents	771,612	213,159
Certificate and licences	55,544	70,970
TAF and Ad Valorem Levy	16,908	20,784
Unclaimed money	9,031	1,632
Other revenue	2,060	(420)
Total other	855,155	306,125
Total revenue earned	18,520,632	4,196,664

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

	Actual 2012 \$'000	Actual *2011 \$'000
Duties	74,141	10,987
Parking space levy	6,521	(785)
Payroll tax	41,721	6,734
Land tax	28,598	8,359
Health insurance levy	27	
Club gaming devices	709	197
Hotel gaming devices	795	220
Total	152,512	25,712

- (ii) The budget for payroll tax and land tax include consolidation elimination estimates for public sector agencies. The yearly estimates are \$919M and \$3M respectively.
- (iii) \$19.6M has been recognised in fines revenue that relates to the increase in recoverable fines for the current year.
- (iv) Approved clubs and hotels can pay their quarterly gaming machine tax in three equal instalments without being charged interest for the late payment. The scheme aims to assist those demonstrating financial hardship.

- (b) Revenue collected

	Actual 2012 \$'000	*Actual 2011 \$'000
Taxes, penalties and interest		
Duties	5,520,671	1,333,773
First home purchase scheme	2	-
Total duties	5,520,673	1,333,773
Parking space levy	101,693	18,383
Payroll tax	7,621,479	1,846,897
Land tax	2,347,648	727,874
Health insurance levy	153,971	36,832
Insurance protection tax	75	16,283
Sub total	10,224,866	2,646,269
Gaming and racing		
Lotteries	334,627	76,721
Keno tax	13,097	3,475
Totalizator tax on and off course totes	137,921	36,912
Fixed odds sports betting	10,739	2,550
Fixed odds racing betting	9,396	1,454
Footy TAB	754	446
Club gaming devices	661,201	168,302
Hotel gaming devices	489,818	108,465
Total gaming and racing	1,657,553	398,325
Total taxes, penalties and interest (i)	17,403,092	4,378,367
Fines		
Motor Traffic fines	280,740	68,321
Fees	30,520	5,699
Court fines	11,469	2,231
Other fines	2,672	372
Total fines	325,401	76,623
Total taxes, fines, penalties and interest	17,728,493	4,454,990
Other		
Tax equivalents	771,612	213,159
Certificate and licences (ii)	55,544	70,970
TAF and Ad Valorem Levy	16,829	19,499
Unclaimed money	9,031	1,632
Other revenue	2,060	(420)
Total other	855,076	304,840
Total revenue collected	18,583,569	4,759,830

- (i) Amounts totalling \$27.3M paid on 30 June 2012 and transferred to the Crown Entity in July 2012 are included in the above figures.
- (ii) Certificate and Licences income includes income received in advance of \$8.7M as at 30 June 2012 (\$17M as at June 2011) due to the introduction of three year home building licences.

* Prior year figures include 12 months information for former Department of Services, Technology & Administration and three months for Office of State Revenue and Land & Property Information.

29. OTHER ADMINISTERED REVENUE AND EXPENSES

Public and Trust Monies

As at 30 June 2012

	Public Monies \$'000	Unclaimed Wages \$'000
Balance as at the beginning of the year	40	23
Receipts	67	68
Expenditure	(74)	(52)
Balance as at the end of the year	33	39

Comparative information as at 30 June 2011 is as follows:

	Public Monies \$'000	Unclaimed Wages \$'000
Balance as at the beginning of the year	53	62
Receipts	45	23
Expenditure	(58)	(62)
Balance as at the end of the year	40	23

(i) Public Monies

This represents amounts collected, by Industrial Inspectors acting as intermediaries, in disagreements between employees and employers. The amounts are paid by one party to be onforwarded to the other.

(ii) Unclaimed Wages

Under Section 122 of the *Industrial Relations Act 1996*, if an employer is unable to make full payment of remuneration to an employee because that employee cannot be found, must after 30 days send that money to Treasury. Treasury requires that this money be sent to the Office of Industrial Relations for payment to employees upon application.

30. ADMINISTERED CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are currently 164 matters where the Crown Solicitor or other legal firms are acting on behalf of the Department. A settlement estimate for these matters cannot be reliably determined.

31. FINANCIAL INSTRUMENTS

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

The Department's main risks arising from financial instruments are outlined below, together with the Department's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial statement.

The Director-General has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Department, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Department on a regular basis.

(a) Financial Instrument Categories

Financial Assets	Note	Category	Consolidated		Department of Finance and Services	
			2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
			Carrying Amount	Carrying Amount	Carrying Amount	Carrying Amount
Class: Cash and cash equivalents	6	Not applicable	507,083	476,235	504,486	473,773
Receivables(i)	7	Loans and receivables (at amortised cost)	177,123	205,146	177,123	203,531
Financial assets at fair value	9	At fair value through profit or loss - designated as such upon initial recognition	18,289	21,510	18,289	21,510
Class: Payables(ii)	13	Financial liabilities measured at amortised cost	263,032	281,622	261,414	280,002
Borrowings	14	Financial liabilities measured at amortised cost	557,682	548,530	555,023	544,300

- (i) Excludes statutory receivables and prepayments (ie not within scope of AASB 7)
(ii) Excludes statutory payables and unearned revenue (ie not within scope of AASB 7)

(b) Credit Risk

Credit risk arises when there is the possibility of the Department's debtors defaulting on their contractual obligations, resulting in a financial loss to the Department. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Department, including cash, receivables, and authority deposits. No collateral is held by the Department. The Department has not granted any financial guarantees.

Credit risk associated with the Department's financial assets, other than receivables, is managed through the selection of counter parties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury. The TCorp Hour Glass cash facility is discussed in paragraph (d) below.

Receivables - Trade Debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors; however there is provision for interest to be charged on certain debtors. Sales are made on terms up to 30 days.

The Department is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2012 \$156.1M; 2011 \$172.1M) and less than three months past due (2012 \$9.8M; 2011 \$15.8M) are not considered impaired and together these represent 91.6% (2011 91.2%) of the total trade debtors. Most of the Department's debtors have a AAA credit rating. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

The only financial assets that are past due or impaired are "sales of goods and services" in the "receivables" category of the Statement of Financial Position.

	Consolidated			Department of Finance and Services		
	Total ^{1,2} \$'000	Past Due But Not Impaired ^{1,2} \$'000	Considered Impaired ^{1,2} \$'000	Total ^{1,2} \$'000	Past Due But Not Impaired ^{1,2} \$'000	Considered Impaired ^{1,2} \$'000
2012						
< 3 months overdue	9,792	9,792	-	9,655	9,655	-
3 months - 6 months overdue	3,510	3,510	-	3,509	3,509	-
> 6 months overdue	11,711	10,953	758	11,711	10,953	758
2011						
< 3 months overdue	15,838	15,838	-	15,813	15,813	-
3 months - 6 months overdue	7,839	7,303	536	7,807	7,271	536
> 6 months overdue	10,365	4,473	5,892	10,365	4,473	5,892

Notes:

- Each column in the table reports "gross receivables".
- The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the Statement of Financial Position.

(c) Liquidity Risk

Liquidity risk is the risk that the Department will be unable to meet its payment obligations when they fall due. The Department continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

The Department has a loan facility with TCorp with a limit of \$650M to fund the StateFleet Leasing Arrangement. Out of this facility \$555M was utilised as at 30 June 2012.

During the current and prior year, there were no defaults of loans payable. No assets have been pledged as collateral. The Department's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment or risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction NSW TC 11/12. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction NSW TC 11/12 allows the Minister to award interest for late payment.

The table below summarises the maturity profile of the Department's financial liabilities, together with the interest rate exposure.

	Weighted Average Effective Interest Rate	Nominal Amount(i)	\$'000 Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate	Variable Interest Rate	Non-interest Bearing	< 1 Year	1-5 Years	> 5 Years
2012								
<i>Payables Borrowings</i>	-	-	-	-	-	-	-	-
Bank overdraft	-	-	-	-	-	-	-	-
Advances repayable	-	-	-	-	-	-	-	-
TCorp borrowings	-	-	555,023	-	-	200,426	354,597	-
Other loans and deposits	-	-	-	-	-	-	-	-
Finance leases	-	-	2,971	-	-	1,441	1,530	-
	-	-	557,994	-	-	201,867	356,127	-
2011								
<i>Payables Borrowings</i>	-	-	-	-	-	-	-	-
Bank overdraft	-	-	-	-	-	-	-	-
Advances repayable	-	-	-	-	-	-	-	-
TCorp borrowings	-	-	544,300	-	-	212,665	331,635	-
Other loans and deposits	-	-	-	-	-	-	-	-
Finance leases	-	-	4,893	-	-	1,922	2,971	-
	-	-	549,193	-	-	214,587	334,606	-

(i) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities and therefore will not reconcile to the Statement of Financial Position.

(d) **Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Department's exposures to market risk are primarily through interest rate risk on the Department's borrowings and other price risks associated with the movement in the unit price of the Hour Glass Investment Facilities. The Department has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Department operates and the time frame for the assessment (ie until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date.

Interest Rate Risk

Exposure to interest rate risk arises primarily through the Department's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp. The Department does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Department's exposure to interest rate risk is set out below.

	\$'000				
	Carrying Amount	Profit -1%	Equity -1%	Profit 1%	Equity 1%
2012					
<i>Financial Assets (i)</i>					
Cash and cash equivalents	507,083	(5,071)	(5,071)	5,071	5,071
Financial assets at fair value	18,289	(183)	(183)	183	183
<i>Financial Liabilities (i)</i>					
Borrowings	557,682	(5,577)	(5,577)	5,577	5,577
2011					
<i>Financial Assets (i)</i>					
Cash and cash equivalents	476,235	(4,762)	(4,762)	4,762	4,762
Financial assets at fair value	21,510	(215)	(215)	215	215
<i>Financial Liabilities (i)</i>					
Borrowings	548,530	(5,485)	(5,485)	5,485	5,485

(i) Both receivables and payables are excluded as the Department deems there exists no interest exposure.

Other Price Risk - TCorp Hour-Glass Facilities

Exposure to "other price risk" primarily arises through the investment in the TCorp Hour-Glass Investment Facilities, which are held for strategic rather than trading purposes. The Department has no direct equity investments. The Department holds units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment Horizon	Consolidated	
			2012 \$'000	2011 \$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	507,083	476,235
Strategic cash facility	Cash, money market and other interest rate instruments	1.5 years to 3 years	18,289	21,510

The unit price of each facility is equal to the total fair value of the net assets held by the facility divided by the number of units on issue for that facility. Unit prices are calculated and published daily.

NSW TCorp is trustee for each of the above facilities and is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. However, TCorp acts as manager for part of the Cash Facility. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour-Glass facilities limits the Department's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

NSW TCorp provides sensitivity analysis information for each of the investment facilities, using historically based volatility information collected over a ten year period, quoted at two standard deviations (ie 95% probability). The TCorp Hour-Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity). A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass statement).

	Impact on Profit/Loss		
	Change in Unit Price	2012 \$'000	2011 \$'000
Cash Facility	+/- 1.0%	5,071	4,762
Hour-Glass Investment - Strategic Cash Facility	+/- 2.0%	366	430

(e) **Fair Value**

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value. As discussed, the value of the Hour-Glass Investments is based on the Department's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using "redemption" pricing.

The amortised cost of financial instruments recognised in the Statement of Financial Position approximates the fair value, because of the short-term nature of many of the financial instruments.

	2012 \$'000 Carrying Amount	2012 \$'000 Fair Value	2011 \$'000 Carrying Amount	2011 \$'000 Fair Value
Financial Assets				
TCorp Hour Glass Investment Facility	18,289	18,289	21,510	21,510
	18,289	18,289	21,510	21,510

(f) **Fair value recognised in the statement of financial position**

The Department uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique.

- Level 1 - Derived from quoted prices in active markets for identical assets/liabilities.
- Level 2 - Derived from inputs other than quoted prices that are observable directly or indirectly.
- Level 3 - Derived from valuation techniques that for the asset/liability not based on observable market data (unobservable inputs).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2012 Total \$'000
TCorp Hour Glass Investment Facility	18,289	-	-	18,289
	18,289	-	-	18,289

32. **GOING CONCERN**

At 30 June 2012 the Department has a negative equity balance of \$138.496M. This deficit is the result of an actuarial valuation loss on Defined Benefit Superannuation Schemes.

The liability associated with Defined Benefit Superannuation Schemes is a long term liability. The superannuation adjustment of the Department is in accordance with AASB 119 "Employee Benefits", which applies an actuarial calculation based on the future liabilities discounted by the 10-year Commonwealth Government Bond rate. The fall in bond rate from June 2011 to June 2012 has resulted in an increase in the Departments liability of \$606.7M.

When valued in accordance with AAS25 "Financial Reporting by Superannuation Plans" the Departments superannuation reserves are in surplus of \$21M as at 30 June 2012. AAS 25 is used to determine the level of superannuation contribution or contribution holiday. Based on this valuation management consider the schemes to be fully funded with no current liability to be recognised.

Management considers the Department to be a going concern and able to meet all its commitments. The Department's ability to be a going concern will be assessed again in the next reporting period.

33. AFTER BALANCE DATE EVENTS

On 12 September 2012, the Office of Industrial Relations transferred from the Department of Finance and Services to NSW Treasury. It is anticipated that the Long Service Corporation will also transfer to NSW Treasury in October 2012. Details of these transfers are currently being finalised. The impact on the Departments Net Result and Total Equity are considered to be not significant.

On 23 July 2012, the Premier announced the establishment of Service NSW, effective 1 January 2013. Service NSW is a new state government agency responsible for the provision of over the counter transactional processing and contact centre services for the whole sector. As part of the creation of Service NSW some of the functions of the Customer Services Division of NSW Fair Trading will transfer from the Department of Finance and Services to Service NSW. Details of this transfer and the impact on the Departments Net Result and Total Equity are currently being assessed by the Service NSW Transformation Steering Committee. At this stage it is considered the impact of this transfer will not be significant.

END OF AUDITED FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

NSW Government Telecommunications Authority

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of NSW Government Telecommunications Authority (the Authority), which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 30 June 2012, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

The Managing Director's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

- about the future viability of the Authority
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements

Independence

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

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



David Nolan
Director, Financial Audit Services
19 October 2012
SYDNEY

NSW GOVERNMENT TELECOMMUNICATIONS AUTHORITY (TELCO)

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2012

STATEMENT BY THE MANAGING DIRECTOR

Under Section 41C(1B) of the *Public Finance and Audit Act, 1983*, I state that in my opinion:

- (a) The accompanying consolidated financial statements and notes thereto exhibit a true and fair view of the financial position of the NSW Government Telecommunications Authority and its subsidiary as at 30 June 2012 and the transactions for the period then ended.
- (b) The consolidated financial statements have been prepared in accordance with the provisions of applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation, 2010* and the Treasurer's Directions.

Further, I am not aware of any circumstances that would render any particulars included in the consolidated financial statements to be misleading or inaccurate.

On behalf of the Authority



Michael Coutts-Trotter
Managing Director
NSW Government Telecommunications Authority

Dated 18 October 2012 at Sydney

NSW GOVERNMENT TELECOMMUNICATIONS AUTHORITY

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012**

	Notes	Consolidated		Telco	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Revenue					
Sale of goods and services	2(a)	15,316	17,067	-	-
Interest income	2(b)	70	129	-	-
Total Revenue		15,386	17,196	-	-
Expenses					
Employee related expenses	3(a)	5,486	4,930	-	-
Other operating expenses	3(c)	7,177	9,545	-	-
Depreciation and amortisation	8	2,014	1,839	-	-
Financing expenses	3(b)	352	324	-	-
TOTAL EXPENSES		15,029	16,638	-	-
SURPLUS BEFORE TAX		357	558	-	-
Current tax expense	4(a)	-	-	-	-
Deferred tax benefit	4(a)	76	96	-	-
NET RESULT AFTER TAX		433	654	-	-
Total Comprehensive Income		433	654	-	-
Total Comprehensive Income attributable to:					
NON-CONTROLLING INTEREST		186	281	-	-
OWNERS OF THE PARENT		247	373	-	-

The accompanying notes form part of these statements.

NSW GOVERNMENT TELECOMMUNICATIONS AUTHORITY

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012**

	Notes	Consolidated		Telco	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
ASSETS					
Current Assets					
Cash and cash equivalents	5	-	2,462	-	-
Trade and other receivables	6	-	1,615	-	-
Prepayments	7	-	181	-	-
Deferred tax assets	4(b)	-	708	-	-
Total Current Assets		-	4,966	-	-
Non-Current Assets					
Plant and equipment	8	-	5,331	-	-
Deferred tax assets	4(b)	-	819	-	-
Other financial assets	9	-	-	-	870
Total Non-Current Assets		-	6,150	-	870
Total Assets		-	11,116	-	870
LIABILITIES					
Current Liabilities					
Trade and other payables	10	-	1,620	-	-
Short-term provisions	11	-	322	-	-
Interest bearing liabilities	12,18	-	1,571	-	-
Other	13	-	260	-	-
Deferred tax liabilities	4(b)	-	478	-	-
Total Current Liabilities		-	4,251	-	-
Non-Current Liabilities					
Long-term provisions	11	-	74	-	-
Other	13	-	251	-	-
Interest bearing liabilities	12,18	-	2,659	-	-
Deferred tax liabilities	4(b)	-	748	-	-
Total Non-Current Liabilities		-	3,732	-	-
Total Liabilities		-	7,983	-	-
Net Assets		-	3,133	-	870
EQUITY					
Retained earnings		-	5,281	-	870
Equity attributable to Parent		-	5,281	-	870
Non-Controlling Interest	14	-	(2,148)	-	-
Total Equity		-	3,133	-	870

The accompanying notes form part of these statements.

NSW GOVERNMENT TELECOMMUNICATIONS AUTHORITY

**STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2012**

		Consolidated		Telco
		Retained Earnings	Non-Controlling Interest	Retained Earnings
	Notes	\$'000	\$'000	\$'000
Balance at 1 July 2011				
Net result for the year		5,281	(2,148)	870
Total comprehensive income for the year		247	186	-
Equity transfer to Department of Finance and Services		(5,528)	1,962	(870)
		-	-	-
Balance at 30 JUNE 2012		-	-	-
Balance at 1 July 2010		4,908	(2,429)	870
Net result for the year		373	281	-
Total comprehensive income for the year		373	281	-
Balance at 30 June 2011		5,281	(2,148)	870

The accompanying notes form part of these statements.

NSW GOVERNMENT TELECOMMUNICATIONS AUTHORITY

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012**

	Notes	Consolidated		Telco	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES	16				
Payments to suppliers and employees		(12,634)	(14,163)	-	-
Financing costs		(352)	(324)	-	-
Total Payments		(12,986)	(14,487)	-	-
Receipts from customers, grants and rentals		15,069	17,286	-	-
Interest received		70	129	-	-
Total Receipts		15,139	17,415	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES		2,153	2,928	-	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for plant and equipment		(447)	(818)	-	-
NET CASH USED IN INVESTING ACTIVITIES		(447)	(818)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Net repayment of interest bearing liabilities		(1,571)	(1,448)	-	-
NET CASH USED IN FINANCING ACTIVITIES		(1,571)	(1,448)	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD		135	662	-	-
Cash and cash equivalents at the beginning of the financial year		2,462	1,800	-	-
Cash transferred out as a result of transfer of ownership to Department of Finance and Services		(2,597)	-	-	-
Cash and cash equivalents at the end of the financial year	5	-	2,462	-	-

The accompanying notes form part of these statements.

NSW GOVERNMENT TELECOMMUNICATIONS AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The NSW Government Telecommunications Authority (Telco), as a reporting entity, comprises Telco in its own right and the Australian Centre for Advanced Computing and Communications Pty Ltd (ac3) in which Telco has a controlling interest.

The mission of Telco, which is a wholly owned subsidiary of the Department of Finance and Services, is to enable the use of telecommunication infrastructure networks of Government agencies for the common carriage of Government communications and to enable the best commercial advantage to be obtained from any excess network capacity, infrastructure or facilities of Government agencies. Telco is classified as a not-for-profit entity as profit is not its principal objective.

The Australian Centre for Advanced Computing and Communications Pty Ltd (ac3) was registered as a proprietary company limited by shares under the Corporations Act 2001 on 10 November 2000. On 29 June 2012 Telco transferred its 57% share holding in ac3 to the Department of Finance & Services and became a dormant entity.

This Consolidated Financial Statements for the year ended 30 June 2012 has been authorised for issue by the Managing Director on 18 October 2012.

(b) Basis of Preparation

The Consolidated Financial Statements of the consolidated entity are general purpose Consolidated Financial Statements which have been prepared in accordance with:

- (i) applicable Australian Accounting Standards, which include Australian Accounting Interpretations;
- (ii) the requirements of the Public Finance and Audit Act 1983 and Regulation; and
- (iii) the Financial Reporting Directions issued by the Treasurer.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the Consolidated Financial Statements.

The Consolidated Financial Statements have been prepared on an accrual basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of account has been applied.

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

At the reporting date, a number of Accounting Standards adopted by the AASB had been issued but are not yet operative and have not been early adopted by Telco.

It is considered that the implementation of these Standards will not have any material impact on Telco's financial results.

(c) Basis of Consolidation

The Consolidated Financial Statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being Telco (the parent entity) and its controlled entities as defined in the Accounting Standard *AASB 127 Consolidated and Separate Financial Statements*. Consistent accounting policies are employed in the preparation and presentation of the Consolidated Financial Statements.

The Consolidated Financial Statements include the information and results of each controlled entity from the date on which Telco obtains control and until such time as Telco ceases to control such entity.

In preparing the Consolidated Financial Statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

(e) Trade Receivables

Trade receivables are recognised and carried at original invoice amount less allowance for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Receivables which are known to be uncollectible are written off. An allowance for doubtful receivables is established when there is objective evidence that Telco will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is recognised in the Statement of Comprehensive Income.

(f) Acquisition of Assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

Items of plant and equipment are capitalised when their costs exceed the threshold of \$1,000 and they meet the definition and recognition criteria for an asset.

(g) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Physical plant and equipment is valued in accordance with the "Guidelines for the Valuation of Physical Non-Current Assets at Fair Value" (TPP 07-01). Telco's non-current assets are non-specialised assets with short useful lives. They are measured at depreciated historical cost, as a surrogate for fair value.

The carrying amount of plant and equipment is reviewed annually by management to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal.

Subsequent costs are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit/loss during the financial period they are incurred.

(h) Depreciation of Plant and Equipment

The depreciable amount of all fixed assets including capitalised leased assets is depreciated or amortised on a straight line basis over their useful lives commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Major depreciation periods are:

Plant and Equipment	4-10 years
Furniture and Fittings	5-8 years

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(i) Impairment of Assets

At each reporting date, Telco reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to Statement of Comprehensive Income.

(j) Leases

Leases of plant and equipment, where substantially all the risks and benefits incidental to ownership of the asset, but not legal ownership, are transferred to Telco are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the fair value of the leased property.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(k) Financial Instruments

Recognition and Measurement

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligation exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising of original debt less principal payments and amortisation.

Impairment

At each reporting date, Telco assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in Statement of Comprehensive Income.

(l) Other Financial Assets

Telco's investment in ac3 is classified as a financial asset carried at impaired cost. Investments in equity instruments must be measured at fair value, unless they do not have a quoted market price in an active market and then must be valued at cost. ac3 is a proprietary company and does not have a quoted market price, nor is there an active market for ac3 shares.

(m) Trade and Other Payables

Liabilities for trade creditors and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received.

(n) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods - Control of goods has passed to the buyer.

Rendering of Services - Where the contract outcome can be reliably measured, control of the right to be compensated for the services and the stage of completion can be reliably measured. Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent that costs have been incurred.

Interest - Control of the right to receive the interest payment.

(o) Income Tax

Telco is a tax-exempt entity. Telco's subsidiary is not tax exempt and applies the following policy:

The income tax expense for the year comprises current income tax expense and deferred tax expense. Current income tax expense charged to the Statement of Comprehensive Income is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities are therefore measured at the amounts expected to be paid. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense is charged or credited directly to equity instead of the Statement of Comprehensive Income when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

(p) Employee Entitlements

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service for employees with five or more years service. Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits are measured at their nominal amounts using remuneration rates expected to apply at the time of settlement. It is considered that this measurement technique produces results not materially different from the estimate determined by using the present value basis of measurement.

(q) Provisions

Provisions are recognised when Telco has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. The provisions are discounted to present value when they will be settled later than one year.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

(s) Administrative and Managerial Support

The Department of Finance and Services continues to provide expertise, assistance and administrative support to Telco at no charge. ac3 manages its own affairs.

(t) Comparative Information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous reporting period 30 June 2011 for all amounts reported in the financial statements.

(u) **New Australian Accounting Standards Issued But Not Effective**

The following new Accounting Standards have not been applied and are not yet effective:

- AASB 9 and AASB 2010-7 regarding financial instruments
- AASB 1053 and AASB 2010-2 regarding differential reporting
- AASB 2010-8 regarding deferred tax: recovery of underlying assets
- AASB 2010-10 regarding removal of fixed dates for first time adopters
- AASB 2011-2 regarding the Trans Tasman Convergence project - RDR
- AASB 2011-3 regarding orderly adoption of changes to the ABS GFS Manual
- AASB 2011-4 removing individual key management personnel disclosures
- AASB 2011-6 regarding RDR requirements extending relief from consolidation, the equity method and proportionate consolidation
- AASB 10 Consolidated financial statements
- AASB 11 Joint arrangements
- AASB 12 Disclosures of interests in other entities
- AASB 13 and AASB 2011-8 regarding fair value measurement
- AASB 119, AASB 2011-10 and AASB 2011-11 regarding employee benefits
- AASB 127 Separate financial statements
- AASB 128 Investments in associates and joint ventures
- AASB 2011-7 regarding consolidation and joint arrangements
- AASB 2011-9 regarding presentation of items of other comprehensive income
- AASB 2011-12 regarding Interpretation 20
- AASB 2011-13 regarding AASB 1049 and GAAP/GFS harmonisation.

It is considered that the implementation of these Standards will not have any material impact on the Authority's financial results.

2. REVENUES

(a) **Sale of Goods and Services**

	Consolidated		Telco	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Rendering of Services	14,881	14,607	-	-
Sale of Goods	435	2,460	-	-
	15,316	17,067	-	-

(b) **Interest Income**

	Consolidated		Telco	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Interest Income	70	129	-	-
	70	129	-	-

3. EXPENSES

(a) Employee Related Expenses

Employee Related Expenses comprise the following specific items:

	Consolidated		Telco	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Salaries and wages	4,751	4,287	-	-
Superannuation	395	353	-	-
Staff recruitment	-	69	-	-
Payroll tax	246	220	-	-
Annual and long service leave provided	94	1	-	-
	5,486	4,930	-	-

(b) Financing Cost

	Consolidated		Telco	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Interest	352	324	-	-
	352	324	-	-

(c) Other Operating Expenses

	Consolidated		Telco	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Operating lease rental - minimum lease payments	541	1,837	-	-
Rent	373	362	-	-
Repairs and maintenance	326	199	-	-
Telecommunications	320	425	-	-
Audit Fees	35	35	-	-
Director's remuneration	79	85	-	-
Cost of goods sold	2,238	3,869	-	-
Co-location fee	1,310	1,151	-	-
Power	784	776	-	-
Other	1,171	806	-	-
	7,177	9,545	-	-

4. INCOME TAX EXPENSE

(a) The components of tax expenses comprise

	Consolidated		Telco	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Prima facie tax payable (30% on profit from ordinary activities before tax)	107	167	-	-
Adjustment for temporary differences	76	96	-	-
Recoupment of prior year tax losses	(183)	(263)	-	-
	-	-	-	-

(b) Deferred tax asset/(Deferred tax liability)

Deferred tax items recognised in the Statement of Comprehensive Income

	Consolidated		Telco	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Provision for employee entitlements	-	106	-	-
Other provisions	-	153	-	-
Lease Liability	-	1,268	-	-
	-	1,527	-	-
Plant and equipment subject to lease	-	(1,226)	-	-
Net deferred tax asset	-	301	-	-

Deferred tax asset recognised in the Statement of Financial Position

	Consolidated		Telco	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Current asset	-	708	-	-
Non-current asset	-	819	-	-
	-	1,527	-	-

Deferred tax liability recognised in the Statement of Financial Position

	Consolidated		Telco	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Current liability	-	478	-	-
Non-current liability	-	748	-	-
	-	1,226	-	-

5. CASH AND CASH EQUIVALENTS

	Consolidated		Telco	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cash at bank and on hand	-	2,462	-	-
	-	2,462	-	-

(a) Reconciliation to cash and cash equivalents at the end of year

Cash assets recognised in the Statement of Financial Position are reconciled to cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows as follows:

Cash and cash equivalents (per Statement of Financial Position)	-	2,462	-	-
Closing cash and cash equivalents (per Statement of Cash Flows)	-	2,462	-	-

(b) Cash at bank and on hand

The deposits are bearing floating interest rate of 2.77% (2011 – 6.03%). These funds are at call.

6. TRADE AND OTHER RECEIVABLES

	Consolidated		Telco	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Current				
Trade debtors	-	1,615	-	-
	-	1,615	-	-

7. PREPAYMENTS

	Consolidated		Telco	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Current				
Prepayments - General	-	181	-	-
	-	181	-	-

8. PLANT AND EQUIPMENT

	Consolidated		Telco	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Plant and Equipment				
At fair value	-	1,726	-	-
Accumulated depreciation	-	(538)	-	-
Total written down value plant and equipment	-	1,188	-	-

	Consolidated		Telco	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Furniture and Fittings				
At fair value	-	131	-	-
Accumulated depreciation	-	(77)	-	-
Total written down value furniture and fittings	-	54	-	-

	Consolidated		Telco	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Leased Assets				
At fair value	-	7,218	-	-
Accumulated amortisation	-	(3,129)	-	-
Total written down value leased assets	-	4,089	-	-

	Consolidated		Telco	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Plant and Equipment				
At fair value	-	9,075	-	-
Accumulated depreciation and amortisation	-	(3,744)	-	-
Total written down value plant and equipment	-	5,331	-	-

Reconciliation - 2012

	Plant and Equipment	Furniture and Fittings	Leased Assets	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of year	1,188	54	4,089	5,331
Additions	437	10	-	447
Depreciation and amortisation expense	(398)	(22)	(1,594)	(2,014)
Transfer out	(1,227)	(42)	(2,495)	(3,764)
Carrying amount at the end of year	-	-	-	-

Reconciliation - 2011

	Plant and Equipment \$'000	Furniture and Fittings \$'000	Leased Assets \$'000	Total \$'000
Carrying amount at the beginning of year	659	66	3,540	4,265
Additions	813	6	2,086	2,905
Depreciation and amortisation expense	(284)	(18)	(1,537)	(1,839)
Carrying amount at the end of year	1,188	54	4,089	5,331

9. OTHER FINANCIAL ASSETS

	Consolidated		Telco	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Non-current assets				
Other Financial Assets carried at impaired cost				
Shares in ac3 (see Note 1(a))	-	-	-	870
	-	-	-	870

10. TRADE AND OTHER PAYABLES

	Consolidated		Telco	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Current				
Trade creditors	-	994	-	-
Sundry creditors and accruals	-	550	-	-
Net GST payable	-	76	-	-
	-	1,620	-	-

11. PROVISIONS

	Consolidated		Telco	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Current				
Long service leave	-	70	-	-
Annual leave	-	252	-	-
	-	322	-	-
Non-current				
Liability for Long Service Leave	-	30	-	-
Provision for restoration	-	44	-	-
	-	74	-	-
Movement in provision for premises relocation				
Carrying amount at beginning of financial year	-	40	-	-
Unwinding of discount rate	-	4	-	-
	-	44	-	-

12. INTEREST BEARING LIABILITIES

For equipment relating to varying contract periods and suppliers

Equipment

Minimum commitments payable are as follows:

Within one year

Later than one but not later than five years

Later than five years

Minimum lease payments

Future finance charges

Present value of minimum lease payments

Finance leases are included in the consolidated

Statement of Financial Position as follows:

Current interest bearing liability

Non-Current interest bearing liability

Consolidated		Telco	
2012	2011	2012	2011
\$'000	\$'000	\$'000	\$'000
-	1,922	-	-
-	2,971	-	-
-	-	-	-
-	4,893	-	-
-	(663)	-	-
-	4,230	-	-
-	1,571	-	-
-	2,659	-	-
-	4,230	-	-

Details regarding credit risk, including a maturity analysis of the above borrowings are disclosed in Note 18.

13. OTHER LIABILITIES

Current

Income in advance

Consolidated		Telco	
2012	2011	2012	2011
\$'000	\$'000	\$'000	\$'000
-	260	-	-
-	260	-	-

Non-current

Income in advance

Consolidated		Telco	
2012	2011	2012	2011
\$'000	\$'000	\$'000	\$'000
-	251	-	-
-	251	-	-

14. NON-CONTROLLING INTEREST

Non-Controlling interest in controlled entity comprises:
Australian Centre for Advanced Computing and Communications Pty Ltd

Represented by:

Interest in accumulated losses at beginning of financial year

Share of surplus for the year

Balance at end of year

Consolidated		Telco	
2012	2011	2012	2011
\$'000	\$'000	\$'000	\$'000
-	(2,148)	-	-
-	(2,429)	-	-
-	281	-	-
-	(2,148)	-	-

15. COMMITMENTS FOR EXPENDITURE

(a) Other Expenditure Commitments

Aggregate other expenditure for the acquisition of items as detailed below contracted for at reporting date and not provided for:

Agreements with various communications suppliers

Minimum commitments payable are as follows:

Within than one year

Later than one but not later than five years

Later than five years

Consolidated		Telco	
2012	2011	2012	2011
\$'000	\$'000	\$'000	\$'000
-	179	-	-
-	300	-	-
-	-	-	-
-	479	-	-

The total other expenditure commitments above includes input tax credits of \$Nil (2011 - \$43,560) that are expected to be recovered from the Australian Taxation Office.

(b) Operating Leases

Future non-cancellable operating lease rentals not provided for and payable for accommodation and equipment relating to varying contract periods and suppliers

Accommodation and equipment

Minimum commitments payable are as follows:

Within than one year

Later than one but not later than five years

Later than five years

Consolidated		Telco	
2012	2011	2012	2011
\$'000	\$'000	\$'000	\$'000
-	901	-	-
-	2,029	-	-
-	-	-	-
-	2,930	-	-

The total accommodation and equipment commitments include input tax credits of \$Nil (2011 - \$203,556) that are expected to be recovered from the Australian Taxation Office.

16. RECONCILIATION OF PROFIT TO NET CASH INFLOWS FROM OPERATING ACTIVITIES

	Consolidated		Telco	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Surplus before tax	357	558	-	-
Depreciation and amortisation	2,014	1,839	-	-
Changes in Operating Assets and Liabilities				
(Increase) in trade and other receivables	(260)	(117)	-	-
Decrease/(Increase) in other assets	79	(238)	-	-
Increase/(Decrease) in revenue in advance	(41)	220	-	-
Increase/(Decrease) in trade creditors and provisions	(50)	551	-	-
Increase in other liabilities	54	115	-	-
Net Cash Flow provided by Operating Activities	2,153	2,928	-	-

17. SEGMENT REPORTING

The consolidated entity operates in one business and geographical segment, being the provision of Managed Co-location Services in New South Wales.

18. FINANCIAL INSTRUMENTS

Telco's principal financial instruments are outlined below. These financial instruments arise from Telco's operations or are required to finance Telco's operations. Telco does not trade financial instruments. The Managing Director is responsible for the oversight of risk management.

	Weighted Average Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing				Non Interest Bearing		Total	
	%				Within 1 Year		1 - 5 Years					
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Financial Assets												
Cash	-	6.03	-	2,462	-	-	-	-	-	-	-	2,462
Receivables	-	-	-	-	-	-	-	-	-	1,615	-	1,615
Total Financial Assets	-	-	-	2,462	-	-	-	-	-	1,615	-	4,077
Financial Liabilities												
Payables	-	-	-	-	-	-	-	-	-	(1,544)	-	(1,544)
Lease Liabilities	-	9.5	-	-	-	(1,922)	-	(2,971)	-	-	-	(4,893)
Total Financial Liabilities	-	-	-	-	-	(1,922)	-	(2,971)	-	(1,544)	-	(6,437)
Net Financial Asset/(Liability)	-	-	-	2,462	-	(1,922)	-	(2,971)	-	71	-	(2,360)

Market Risk

The only component of market risk to which Telco is exposed to is interest rate risk. The interest rate risk is minimal due to fixed interest rates with all loans related to equipment lease agreements through Capital Finance.

Liquidity Risk

The liquidity risk is minimal as Telco has cash reserves available at call in addition to readily accessible stand-by facilities. Receivables are on terms of no more than 30 days payable from invoice date.

Price Risk

Price risk is minimal due to 80% of revenue being derived from services provided. All capital equipment purchased by Telco on behalf of customers was done so under the agreement of a signed contract and purchase order.

Internal Rate Risk

The only component of market risk to which the authority is exposed is interest rate risk. Our interest rate risk is minimal due to fixed interest rates with all loans related to equipment lease agreements. The exposure to interest rate risk is set out below:

	\$'000				
	Carrying Amount	Profit -1%	Equity -1%	Profit 1%	Equity 1%
2012					
Financial Assets					
Cash and cash equivalents	-	-	-	-	-
Financial Liabilities					
Lease Liabilities	-	-	-	-	-
2011					
Financial Assets					
Cash and cash equivalents	2,462	(25)	(25)	25	25
Financial Liabilities					
Lease Liabilities	4,893	49	49	(49)	(49)

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognise financial assets is the carrying amount of those assets, net of any for doubtful receivables, as disclosed in the Consolidated Statement of Financial Position and notes to the Consolidated Financial Statements.

Telco does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by ac3.

The only financial assets that are past due or impaired are "sales of goods and services" in the "receivables" category of the Consolidated Statement of Financial Position, as per the table below.

	Total \$'000	Past Due But Not Impaired \$'000	Considered Impaired \$'000
2012			
Less than 3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
Greater than 6 months overdue	-	-	-
2011			
Less than 3 months overdue	25	25	-
3 months - 6 months overdue	32	32	-
Greater than 6 months overdue	-	-	-

Net Fair Values

The aggregate fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Consolidated Statement of Financial Position and in the notes to the financial statements.

19. TRANSACTIONS INVOLVING RELATED ENTITIES

In 2011/12 the Telco controlled entity, ac3, received revenue from Department of Finance and Services for provision of managed services amounting to \$1,218,000 (2011 - \$1,399,000).

20. AUDIT FEES

(a) Telco Audit Fees

The Department of Finance and Services paid the audit fees for Telco.

	2012 \$'000	2011 \$'000
Telco audit fees	6	5
	6	5

(b) ac3's Audit Fee

	2012 \$'000	2011 \$'000
ac3 audit fees (Note 3(c) Other Operating Expenses)	35	35
	35	35

21. PAYMENTS TO DIRECTORS

No payment was made to the Directors of Telco in the current financial year and the previous financial year.

Fees paid to the Directors of ac3 totalled \$79,000. (One in the band up to \$9,999; three in the band \$10,000 - \$19,000; one in the band \$20,000 - \$29,999).

22. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

Details of the executive officers of ac3 are as follows:

Michael Coutts-Trotter, Managing Director and Monique McIntosh, Acting Chief Executive Officer

(b) Compensation of Key Management Personnel

	2012	2011
	\$'000	\$'000
Short term benefits	413	438
Post-employment benefits	21	22
Other long-term employee benefits	-	-
	434	460

23. CONTINGENT LIABILITIES AND ASSETS

The consolidated entity is not aware of any contingent liabilities or assets associated with its operations.

24. SUBSEQUENT EVENTS

There were no events occurring after reporting date requiring disclosure.

END OF CONSOLIDATED AUDITED FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

Waste Assets Management Corporation

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Waste Assets Management Corporation (the Corporation), which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation as at 30 June 2012, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Chief Executive's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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


My opinion does *not* provide assurance:

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

Independence

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

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

A handwritten signature in black ink, reading 'James Sugumar'. The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

James Sugumar
Director, Financial Audit Services

2 October 2012
SYDNEY

Waste Assets Management Corporation

Financial Statements for the year ended 30 June 2012

Contents:	Page No.
Statement by the Chief Executive	1
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6- 32

Waste Assets Management Corporation

Statement by the Chief Executive

Pursuant to Section 41C (1B) and (1C) of the *Public Finance and Audit Act, 1983*, I state that in my opinion:

- (a) The accompanying financial statements have been prepared in accordance with:
 - applicable Australian Accounting Standards (which include Australian Accounting Interpretations); and
 - The requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010* and the Treasurer's Directions.
- (b) The financial statements exhibit a true and fair view of the financial position of the Waste Assets Management Corporation as at 30 June 2012 and its financial performance for the year ended 30 June 2012.
- (c) There are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



P Carbins
Chief Executive
Waste Assets Management Corporation
19 September 2012

Waste Assets Management Corporation

Statement of comprehensive income for the year ended 30 June 2012

		1-Jul-2011 to 30-Jun-2012 \$'000	23-Mar-2010 to 30-Jun-2011 \$'000
	Notes		
Revenue			
Sale of goods and services	2(a)	19,462	7,467
Waste levy revenue	3(e)	50,395	18,464
Investment revenue	2(b)	3,253	1,589
Grants and contributions	2(c)	954	72,856
Other revenue	2(d)	647	4,267
Total revenue		74,711	104,643
Expenses excluding losses			
Operating expenses			
Personnel services	3(a)	4,394	1,870
Rehabilitation expenses	4	7,062	30,342
Waste levy expense	3(e)	52,050	19,484
Other operating expenses	3(b)	12,224	23,101
Depreciation and amortisation	3(c)	9,224	3,878
Finance costs	3(d)	2,727	1,256
Total expenses		87,681	79,931
(DEFICIT)/SURPLUS FOR THE PERIOD	15	(12,971)	24,712
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(12,971)	24,712

The accompanying notes form part of these financial statements.

Waste Assets Management Corporation

Statement of financial position as at 30 June 2012

	Notes	2012 \$'000	2011 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	59,508	75,335
Receivables	6	10,851	11,370
Other assets	7	223	926
Total Current Assets		70,582	87,631
Non-Current Assets			
Property, plant & equipment			
Landfill cell cost		14,491	18,003
Land and buildings		20,319	21,074
Plant and equipment		10,133	11,263
Total property, plant and equipment	8	44,943	50,340
Total Non-Current Assets		44,943	50,340
TOTAL ASSETS		115,525	137,971
LIABILITIES			
Current liabilities			
Payables	9	13,887	17,051
Provisions	10	9,730	23,698
Total current liabilities		23,617	40,749
Non-current liabilities			
Provisions	10	50,997	43,340
Total non-current liabilities		50,997	43,340
TOTAL LIABILITIES		74,614	84,089
NET ASSETS		40,911	53,882
EQUITY			
Accumulated funds		40,911	53,882
TOTAL EQUITY		40,911	53,882

The accompanying notes form part of these financial statements.

Waste Assets Management Corporation

Statement of changes in equity for the year ended 30 June 2012

		Accumulated Funds \$'000
		<u>53,882</u>
Balance at 1 July 2011		
Deficit for the year		<u>(12,971)</u>
Total comprehensive income for the year		<u>(12,971)</u>
Transaction with owners in their capacity as owners		
Increase in net assets from equity transfers	11	-
Balance at 30 June 2012		<u>40,911</u>
 Balance at 23 March 2010		 -
Surplus for the period		<u>24,712</u>
Total comprehensive income for the period		<u>24,712</u>
Transaction with owners in their capacity as owners		
Increase in net assets from equity transfers	11	29,170
Balance at 30 June 2011		<u>53,882</u>

The accompanying notes form part of these financial statements.

Waste Assets Management Corporation

Statement of cash flows for the year ended 30 June 2012

	Notes	1-Jul-2011 to 30-Jun-2012 \$'000	23-Mar-2010 to 30-Jun-2011 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sales of goods and services		22,702	7,308
Waste levy received		56,197	13,599
Interest received		3,253	1,589
GST Refunds received		-	416
Grants and contributions		954	72,856
Total Receipts		83,106	95,768
Payments			
Personnel services related		(4,112)	(1,837)
Finance costs		(3)	(35)
Contract expense		(12,972)	(14,850)
Waste levy paid		(50,867)	(21,143)
GST remitted		(3,496)	-
Other		(23,641)	(8,737)
Total Payments		(95,091)	(46,602)
NET CASH FLOWS FROM OPERATING ACTIVITIES	15	(11,985)	49,166
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(3,842)	(1,942)
Proceeds from sale of property, plant and equipment		-	45
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(3,842)	(1,897)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings and advances		-	3,500
Repayment of borrowing and advances		-	(3,500)
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	-
NET (DECREASE)/INCREASE IN CASH		(15,827)	47,269
Opening cash and cash equivalents		75,335	-
Cash transferred in as a result of an equity transfer		-	28,066
CLOSING CASH AND CASH EQUIVALENTS	5	59,508	75,335

The accompanying notes form part of these financial statements.

Waste Assets Management Corporation

Notes to the Financial Statements for the year ended 30 June 2012

1. Summary of significant accounting policies

(a) Reporting entity

The Waste Assets Management Corporation (the Corporation) operates under the provisions of the *Waste Recycling and Processing Corporation (Authorised Transaction) Act 2010* to maintain and operate waste management centres, which include accepting of waste drop offs and maintaining safe landfills. The Corporation is a separate reporting entity.

The Corporation is a NSW government statutory body. The Corporation is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

These financial statements for the year ended 30 June 2012 have been authorised for issue by the Chief Executive on 19 September 2012.

(b) Basis of preparation

The Corporation's financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act, 1983* and Regulation.

Property, plant and equipment are measured at fair value. Other financial statement items are prepared in accordance

with the historical cost convention.

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

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

(c) Statement of compliance

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

(d) Joint ventures

Jointly controlled assets

The proportionate interests in the assets, liabilities, revenue and expenses of a joint venture activity have been incorporated in the financial statements. Details of the joint venture are set out in note 18.

(e) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred.

(f) Insurance

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

(g) Accounting for the goods and services tax (GST)

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

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

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

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

(h) Revenue recognition

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

(i) Contributions

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

Waste Assets Management Corporation

Notes to the Financial Statements for the year ended 30 June 2012

1. Summary of significant accounting policies (continued)	<i>Financial Instruments: Recognition and Measurement.</i>	It is the Corporation's policy to:
(h) Revenue recognition (continued)	(i) Assets	<ul style="list-style-type: none"> • assess and recognise of each landfill asset or group of landfill assets as a unit.
(ii) Sale of goods Revenue from the sale of goods is recognised as revenue when the Corporation transfers the significant risks and rewards of ownership of the assets.	(i) Acquisitions of assets The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Corporation. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.	<ul style="list-style-type: none"> • measure the land value by reference to fair value.
(iii) Liquid waste and biosolids Revenue from the collection and treatment of liquid waste is recognised after the waste has been collected and treated.	Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.	b. Cell development A landfill will normally be divided into parts, with each part (a cell) being developed one at a time. When a cell is nearly full, a new cell is developed in readiness to receive waste from the time the former cell closes. The closed cell is then capped.
(iv) Electricity sales Revenues from electricity sales are recognised on an accruals basis.	Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.	The cost of cell development includes earthworks, leachate and gas capture infrastructure and cell lining to bring the asset to a condition necessary for its intended use, that is, to receive and dispose of waste and generate revenue streams.
(v) Renewable Energy Certificates (RECs) Revenue from Renewable Energy Certificates is recognised at fair value when they are registered with the Commonwealth's Clean Energy Regulator.	Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. deferred payment amount is effectively discounted at an asset-specific rate.	Expenditure on cell development may be incurred in one reporting period but the airspace in the cell may last for more than that reporting period.
(vi) Rendering of services Revenue is recognised when the service is provided or by reference to the stage of completion.	(ii) Landfills, cell development and provision for rehabilitation	In recognition of the above, it is the Corporation's policy at time of cell development and reporting dates to:
Revenue, based on the stage of completion, is calculated by multiplying the rate per tonne by the number of tonnes of waste received during the period.	a. Landfills The Corporation owns landfill assets. A landfill may be either developed or purchased. The cost of developing a landfill includes the expenses incurred in approval and overall site, infrastructure development to bring the asset to a condition necessary for its intended use.	<ul style="list-style-type: none"> • capitalise the cost of cell development in landfill assets • amortise the expected cost of cell development over the useful life of the cell • recognise income streams in the reporting period earned
(vii) Investment revenue Interest revenue is recognised using the effective interest method as set out in AASB 139		

Waste Assets Management Corporation

Notes to the Financial Statements for the year ended 30 June 2012

<p>1. Summary of significant accounting policies (continued)</p>	<p>landfill closes and also post-closure.</p> <p>In recognition of the above, it is the Corporation's policy at time of development to:</p>	<p>Current Assets at Fair Value" Policy and Guidelines Paper (TPP 07-1). This policy adopts fair value in accordance with AASB 116 <i>Property, Plant and Equipment</i> and AASB 140 <i>Investment Property</i>.</p>
<p>(i) Assets (continued)</p>	<ul style="list-style-type: none"> • in the case of developing a landfill, provide for the expected rehabilitation at time of development 	<p>Property, plant and equipment is measured on an existing use basis, where there are no</p>
<p>(ii) Landfills, cell development and provision for rehabilitation (continued)</p>	<ul style="list-style-type: none"> • request environmental scientists to calculate the expected cost of rehabilitation for each landfill asset or group of landfill assets working together; and 	<p>feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets</p>
<p>b. Cell development (continued)</p>	<ul style="list-style-type: none"> • assess the adequacy of the provision for rehabilitation at each reporting date and either confirm its adequacy or increase or decrease the provision to the landfill asset or profit and loss account as required and account for the cost of rehabilitation against the provision. 	<p>are valued at their highest and best use.</p>
<p>The amortisation for a reporting period is calculated by the volume of airspace consumed during the reporting period divided by the total airspace available when the asset started being used. Future landfill site restoration and aftercare costs capitalised are depreciated at rates that match the pattern of benefits expected to be derived from use of the respective sites.</p>	<p>The provision is stated at the present value of the future cash outflows expected to be incurred, which increases each period due to the passage of time. The annual change in the net present value of the provision due to the passage of time is recognised in the statement of comprehensive income as a time value adjustment.</p>	<p>Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.</p>
<p>c. Landfills closure and provision for rehabilitation</p>		
<p>A landfill is deemed full when its permitted airspace is consumed and it cannot legally accept any more waste. Alternatively, a landfill may be deemed full earlier should other factors exist, for example, if it is not economically viable to continue accepting waste. At that point the cost of cell development is fully amortised to nil.</p>		
<p>Generally, a landfill must be maintained and left in a condition specified by the Environmental Protection Authority or other government authorities. Therefore rehabilitation occurs on an ongoing basis, at the time the</p>	<p>(iii) Capitalisation thresholds</p> <p>Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.</p> <p>(iv) Revaluation of property, plant and equipment</p> <p>Physical non-current assets are valued in accordance with the "Valuation of Physical Non-</p>	<p>The Corporation revalues each class of property, plant and equipment at least every three years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.</p> <p>Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.</p> <p>When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.</p>

Waste Assets Management Corporation

Notes to the Financial Statements for the year ended 30 June 2012

2. Summary of significant accounting policies (continued)

(i) Assets (continued)

(iv) Revaluation of property, plant and equipment (continued)

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

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

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

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

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of

that asset is transferred to accumulated funds.

(v) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, the Corporation is effectively exempted from AASB 136 *Impairment of Assets* and impairment testing.

This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(vi) Depreciation of property plant and equipment

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

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

The normal life expectancies of major asset categories are as follows:

Asset class	Years
Buildings	4-20
Leasehold improvements	5-10
Plant & equipment	1-10
Specialised equipment	3-7
Furniture & fittings	3-5
Motor vehicles	3-5
Computers	1-4

Land is not a depreciable asset.

Landfills are amortised based on volume consumed during the period.

(vii) Leased assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits. Operating lease payments are charged to the Statement of Comprehensive Income in periods in which they are incurred.

(viii) Maintenance

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

(ix) Loans and receivables

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

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

Waste Assets Management Corporation

Notes to the Financial Statements for the year ended 30 June 2012

<p>1. Summary of significant accounting policies (continued)</p>	<p>(j) Liabilities</p>	<p>of non-current assets. This accords with the Corporation's policy on the revaluation of property, plant and equipment as discussed in note 1(i)(iv).</p>
<p>(i) Assets (continued)</p>	<p>(i) Payables</p>	<p>(ii) Accumulated funds</p>
<p>(x) Other assets</p> <p>Renewable Energy Certificates generated are stated at fair value. Fair value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.</p>	<p>These amounts represent liabilities for goods and services provided to the Corporation and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.</p>	<p>The category accumulated funds includes all current and prior period retained funds.</p>
<p>(xi) Impairment of financial assets</p>	<p>(ii) Borrowings</p>	<p>(l) Equity Transfers</p>
<p>All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment.</p>	<p>Loans are not held for trading and are recognised at amortised cost using the effective interest rate method. Gains or losses are recognised in the surplus/deficit for the period on de-recognition.</p>	<p>The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector agencies is designated or required by Accounting Standards to be treated as a contribution by owners and recognised as an adjustment to "Accumulated Funds". This treatment is consistent with Interpretation 1038 <i>Contributions by Owners Made to Wholly-Owned Public Sector Entities</i>.</p>
<p>An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.</p>	<p>(iii) Provisions</p>	<p>Transfers arising from an administrative restructure between not-for-profit entities and for-profit government departments are recognised at the amount at which the asset was recognised by the transferor immediately prior to the restructure. In most instances this will approximate fair value. All other equity transfers are recognised at fair value.</p>
<p>For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the surplus/deficit for the period.</p>	<p>Provisions exist when: the agency has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.</p>	
<p>Any reversals of impairment losses are reversed through the surplus/deficit for the period, where there is objective evidence. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.</p>	<p>If the effect of the time value of money is material, provisions are discounted at 4.4% per annum, (2011: 5.5% per annum), which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.</p>	
	<p>(k) Equity and reserves</p>	
	<p>(i) Asset revaluation reserve</p>	
	<p>The asset revaluation reserve is used to record increments and decrements on the revaluation</p>	

Waste Assets Management Corporation

Notes to the Financial Statements for the year ended 30 June 2012

1. Summary of significant accounting policies (continued)

(m) Comparatives

The Corporation was created, with effect from 23 March 2010, and commenced operations from 31 January 2011.

Comparatives represent transactions for the period 31 January to 30 June 2011.

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

(n) New Australian Accounting Standards issued but not effective

The following new Accounting Standards and Interpretations have not been applied and are not yet effective. NSW Treasury TC 12/04 has mandated that agencies do not early adopt any of the new Standards and Interpretations

– AASB 9 *Financial Instruments*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9* (December 2010) (effective for annual reporting periods beginning on or after 1 January 2013)

AASB 9 addresses the classification and measurement of financial assets and is likely to affect Waste Assets Management Corporation's accounting for

its financial assets. The standard is not applicable until 1 January 2013 and Waste Assets Management Corporation is yet to assess its full impact.

– AASB 2011-2 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements* (effective 1 July 2011)

The AASB and NZ FRSB have issued accounting standards that eliminate most of the existing differences between their local standards and IFRS. Where additional disclosures were considered necessary, they were moved to new standard AASB 1054. Adoption of the new rules will not affect any of the amounts recognised in the financial statements, but may simplify some of the Corporation's current disclosures. The Corporation intends to adopt the standards from 1 July 2011.

The following new Accounting Standards have not been applied and are not yet effective. It is considered that the implementation of these Standards will not have any material impact on the Corporation's financial results:

AASB 11 *Joint Arrangements*

AASB 13 *Fair Value Measurement*

AASB 119 *Employee Benefits* (September 2011)

AASB 127 *Separate Financial Statements*

AASB 128 *Investments in Associates and Joint Ventures*

AASB 1053 *Application of Tiers of Australian Accounting Standards*

AASB 2011-2 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project*

AASB 2011-3 *Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS*

Manual and Related Amendments (AASB 1049)

AASB 2011-4 *Amendments to Australian Accounting Standards to remove Individual Key Management Personnel Disclosure Requirements*

AASB 2011-6 *Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements*

AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*

AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*

AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*

AASB 2011-11 *Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements*

Interpretation 14 – AASB 119 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

Waste Assets Management Corporation

Notes to the Financial Statements for the year ended 30 June 2012

2. Revenue

	1-Jul-2011 to 30-Jun-2012 \$'000	23-Mar-2010 to 30-Jun-2011 \$'000
(a) Sale of goods and services		
Waste charges	15,681	6,154
Electricity and green products ¹	3,781	1,313
	19,462	7,467
(b) Investments revenue		
Interest received	3,253	1,589
	3,253	1,589
(c) Grants and contributions		
Cash contributions from Treasury for:		
Rehabilitation of landfill sites ²	-	48,942
Settlements of Crown liabilities ³	954	23,914
	954	72,856
(d) Other revenue		
Other Income	647	4,267
	647	4,267

¹ The Corporation sold the majority of its Renewable Energy Certificates for \$1,631,250 during the year (30 June 2011 \$Nil). Unused Renewable Energy Certificates at 30 June 2012 are reported as other assets in Note 7.

²A provision for rehabilitation expenses has been recognised in Note 10.

³The Corporation has settled the Crown liabilities.

Waste Assets Management Corporation

Notes to the Financial Statements for the year ended 30 June 2012

3. Expenses

	1-Jul-2011 to 30-Jun-2012 \$'000	23-Mar-2010 to 30-Jun-2011 \$'000
(a) Personnel services		
Salary and wages	3,620	1,692
Superannuation - defined benefit plans	(213)	(78)
Superannuation - defined contributions plans	234	96
Long service leave	81	15
Workers compensation insurance	175	16
Payroll tax and fringe benefits tax	215	96
Temporary contractors	282	33
	4,394	1,870
(b) Other operating expenses		
Administration	283	118
Auditors remuneration		
- audit of the financial statements	106	65
Bad debts	24	-
Consultancy	96	188
Contract expense	-	13,500
Fee for service	254	-
Insurance	1,265	64
Landfill operating expenses	652	4,587
Landfill host fees	4,733	1,982
Legal	231	89
Loss on disposal of fixed assets	15	-
Maintenance	164	60
Mobile plant and Motor vehicles	2,677	1,529
Operating lease rental expense	493	232
Other expenses	176	147
Rates and taxes	465	218
Utilities and cleaning	590	322
	12,224	23,101

Waste Assets Management Corporation

Notes to the Financial Statements for the year ended 30 June 2012

3. Expenses excluding losses (continued)

<i>*Reconciliation - Total maintenance</i>		
Maintenance expense – contracted labour and other (non-employee related), as above	113	60
Employee related maintenance expense included in Note 2(a)	275	50
Total maintenance expenses included in Note 2(a) + 2(b)	388	110
(c) Depreciation and amortisation expense		
Depreciation of:		
Landfill cell costs	5,950	2,594
Land and Buildings	770	318
Plant and equipment	2,504	966
	9,224	3,878
(d) Finance costs		
Interest paid to TCorp	3	35
Unwinding of discount on landfill provision	2,724	1,221
	2,727	1,256
(e) Waste levy Revenue/Expense		
Waste levy revenue	50,395	18,464
Waste levy expense	52,050	19,484
Expense over revenue	(1,655)	(1,020)
	1-Jul-2011	23-Mar-2010
	to	to
	30-Jun-2012	30-Jun-2011
	\$'000	\$'000

The increase for the year represents a twelve month period whilst the 2011 amount represents only five months.

Expense over revenue was largely due to waste levy expenses that are not collectable from customers. This includes cover material brought on site where cover material excavated from the landfill licensed area has been exhausted.

4. Rehabilitation expenses

Calculation of Other Expenses

Waste Assets Management Corporation

Notes to the Financial Statements for the year ended 30 June 2012

4. Rehabilitation expenses (continued)

The Corporation reassesses the provision for landfill rehabilitation each year and increased this by \$6,647,823 to represent the net present value of the liability (period ended 30 June 2011 increase of \$30,342,231).

The Corporation was vested a provision for rehabilitation on 31 January 2011. Upon vesting the Corporation reassessed the provision for rehabilitation in light of estimates received from the NSW Treasury's Technical Advisor, and NSW Treasury Corporation advice on an appropriate long term discount rate for the Corporation. As a result the Corporation increased the rehabilitation liabilities by \$30,342,231.

On 3 February 2011 the Corporation received \$48,942,000 from the Crown Entity to fund the future land rehabilitation liabilities.

At balance date the Corporation's rehabilitation liabilities exceeded the restricted cash in the Landfill Rehabilitation Fund accounts by \$7,138,661 (2011:\$173,337).

The ability of the Corporation to complete its long term rehabilitation obligations is dependent upon a number of factors including, long term interest rates; regulatory changes to rehabilitation requirements and licence conditions, potential rehabilitation savings identified by the Corporation and further contributions to the Landfill Rehabilitation Fund by the Crown.

5. Currents assets - cash and cash equivalents

	2012	2011
	\$'000	\$'000
Cash at bank and on hand	3,058	1,699
NSW Treasury Corporation: Hour-Glass Cash Facilities	56,450	73,636
	59,508	75,335

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits.

Cash and cash equivalent assets recognised in the statement of financial position is reconciled at the end of the financial period to the statement of cash flows as follows:

Cash and cash equivalents (per statement of financial position)	59,508	75,335
Closing cash and cash equivalents (per statement of cash flows)	59,508	75,335

Cash balances include \$55,398,654 (2011:\$67,195,645) that is restricted and can only be spent on the purpose, primarily rehabilitation of landfill sites, for which it was granted to the Waste Assets Management Corporation.

Refer to Note 16 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Waste Assets Management Corporation

Notes to the Financial Statements for the year ended 30 June 2012

5. Currents assets - cash and cash equivalents (continued)

Reconciliation of Restricted Cash

	Landfill Rehabilitation Fund \$'000	Lucas Heights \$'000	Other Restricted \$'000	Total \$'000
Year ended 30 June 2012				
Opening restricted funds at start of period	48,062	14,727	4,407	67,196
Funds received via equity transfer	-	-	-	-
Grant received	-	-	954	954
Interest received	2,406	321	214	2,941
Reimbursements for rehabilitation	(2,702)	-	-	(2,702)
Other payments from restricted funds	-	(11,755)	(1,236)	(12,991)
Restricted funds at the end of the year	47,766	3,293	4,339	55,398

	Landfill Rehabilitation Fund \$'000	Lucas Heights \$'000	Other Restricted \$'000	Total \$'000
Period ended 30 June 2011				
Opening restricted funds at start of period	-	-	-	-
Funds received via equity transfer	-	16,090	5,776	21,866
Grant received	48,942	-	23,914	72,856
Interest received	1,048	351	108	1,507
Reimbursements for rehabilitation	(1,928)	-	-	(1,928)
Other payments from restricted funds	-	(1,714)	(25,391)	(27,105)
Restricted funds at the end of the period	48,062	14,727	4,407	67,196

The Landfill Rehabilitation Fund was established in accordance with Section 7 Part 2 of the *Waste Recycling and Processing Corporation (Authorised Transaction) Act 2010*. This is a special deposit account administered by the Treasurer.

Waste Assets Management Corporation

Notes to the Financial Statements for the year ended 30 June 2012

6. Current assets - receivables

	2012	2011
	\$'000	\$'000
Trade receivables	10,682	10,614
Prepayments	169	756
	10,851	11,370

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 16.

7. Current assets - other

Renewable Energy Certificates - at fair value	223	926
	223	926

Waste Assets Management Corporation

Notes to the Financial Statements for the year ended 30 June 2012

8. Non-current assets - property, plant and equipment

	Landfill cell cost \$'000	Land & buildings \$'000	Plant & Equipment \$'000	Total \$'000
At 30 June 2012				
Gross carrying amount	23,035	21,407	15,161	59,603
Accumulated depreciation and impairment	(8,544)	(1,088)	(5,028)	(14,660)
Net carrying amount - at fair value	14,491	20,319	10,133	44,943
At 30 June 2011				
Gross carrying amount	20,597	21,392	13,791	55,780
Accumulated depreciation and impairment	(2,594)	(318)	(2,528)	(5,440)
Net carrying amount - at fair value	18,003	21,074	11,263	50,340

Reconciliation

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

	Landfill cell cost \$'000	Land & buildings \$'000	Plant & Equipment \$'000	Total \$'000
At 1 July 2011	18,003	21,074	11,263	50,340
Additions	2,438	15	1,389	3,842
Disposal	-	-	(15)	(15)
Net asset transfer through equity	-	-	-	-
Depreciation expense	(5,950)	(770)	(2,504)	(9,224)
At 30 June 2012	14,491	20,319	10,133	44,943
	Landfill cell cost \$'000	Land & buildings \$'000	Plant & Equipment \$'000	Total \$'000
At 23 March 2010	-	-	-	-
Additions	1,824	38	80	1,942
Disposal	-	-	(45)	(45)
Net asset transfer through equity	18,773	21,354	12,194	52,321
Depreciation expense	(2,594)	(318)	(966)	(3,878)
At 30 June 2011	18,003	21,074	11,263	50,340

Waste Assets Management Corporation

Notes to the Financial Statements for the year ended 30 June 2012

9. Current liabilities - payables

	2012 \$'000	2011 \$'000
Trade payables	1,646	241
Payable to other government agencies	2,274	5,133
Waste levy payable	8,639	7,456
Other Creditors	1,328	4,221
	13,887	17,051

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 17.

10. Current / non-current liabilities - provisions

	Prov. for Landfill rehabilitation \$'000	Prov. for Cost to Complete Projects \$'000	Total \$'000
At 30 June 2012			
Current provision	3,908	5,822	9,730
Non-current provision	50,997	-	50,997
Total provision	54,905	5,822	60,727
At 30 June 2011			
Current provision	4,896	18,802	23,698
Non-current provision	43,340	-	43,340
Total provision	48,236	18,802	67,038

Waste Assets Management Corporation

Notes to the Financial Statements for the year ended 30 June 2012

10. Current / non-current liabilities – provisions (continued)

Movements in provisions

Movements in each class of provision during the financial period are set out below:

	Prov. for Landfill rehabilitation \$'000	Prov. for Cost to Complete Projects \$'000	Total \$'000
2012			
Carrying amount at the beginning of the year	48,236	18,802	67,038
Provision transfer through equity	-	-	-
Additional provisions recognised during the year	6,646	4,733	11,379
Amounts used	(2,701)	(17,713)	(20,414)
Unwinding / change in the discount rate	2,724	-	2,724
Carrying amount at end of reporting year	54,905	5,822	60,727
2011			
Carrying amount at the beginning of the period	-	-	-
Provision transfer through equity	18,600	18,888	37,488
Additional provisions recognised during the period	30,342	1,985	32,327
Amounts used	(1,927)	(2,071)	(3,998)
Unwinding / change in the discount rate	1,221	-	1,221
Carrying amount at end of reporting period	48,236	18,802	67,038

Provision for Landfill rehabilitation:

- Funding was received from Treasury to incur landfill rehabilitation costs on closed landfills, till 2055.
- The valuation is externally carried out by appropriately qualified environmental engineers on a triennial basis. At the end of each reporting year, the assessment is adjusted for expenditure incurred, the effect of the time value of money and changes to the required scope and duration of rehabilitation activities. For reasonability, the revised provision is compared against its face value.
- The Corporation incurs all rehabilitation expenditure. Funds from the restricted purpose rehabilitation cash accounts are then reimbursed to the Corporation.

Provision for Cost to Complete Projects include:

- WSN Environmental Solutions liabilities which were vested in WAMC on 31/01/2011 include Lucas Heights Dig Deep and Lucas Heights Sportsfield.
- Host fees payable to entities or community projects based on tonnes placed into landfills
- Cost to Complete Projects are either based on contractual obligations, internal assessments of the costs to complete a project or legal obligations to make per tonne contributions to community projects. No allowance is made for the time value of money as these are all current liabilities.

Waste Assets Management Corporation

Notes to the Financial Statements for the year ended 30 June 2012

11. Increase in net assets from equity transfers

Assets and liabilities vested in Waste Assets Management Corporation at 31 January 2011.

	2012 \$'000	2011 \$'000
ASSETS		
Cash and cash equivalents	-	28,066
Receivables	-	1,104
Property, Plant & Equipment	-	52,321
TOTAL ASSETS	-	81,491
LIABILITIES		
Payables	-	14833
Provisions - current	-	22656
Provisions - Non current	-	14832
TOTAL LIABILITIES	-	52,321
NET ASSETS	-	29,170
EQUITY		
Accumulated Funds	-	29,170
TOTAL EQUITY	-	29,170

12. Future minimum lease payments expected to be received

Future non-cancellable operating lease receivable:

Not later than one year	69	69
Later than one year and not later than five years	277	277
Later than five years	495	564
Total (including GST)	841	910

Waste Assets Management Corporation

Notes to the Financial Statements for the year ended 30 June 2012

13. Commitments for expenditure

(a) Operating lease commitments

Future non-cancellable operating lease rentals not provided for and payable:

	2012 \$'000	2011 \$'000
Not later than one year	340	453
Later than one year and not later than five years	649	755
Total (including GST)	989	1,208

(b) Capital expenditure commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

Property, plant and equipment:

Not later than one year	5,576	1,035
Total (including GST)	5,576	1,035

14. Contingent liabilities and contingent assets

(a) Contingent assets

There are no known contingent assets as at the date of this report.

(b) Contingent liabilities

Past rehabilitation obligations of WSN Environmental Solutions were vested in the Corporation.

The Corporation is defending a claim for rehabilitation obligations brought during the year to 30 June 2012. The Corporation has denied liability and will vigorously defend the action. The cost of any potential obligations cannot be reliably estimated.

Waste Assets Management Corporation

Notes to the Financial Statements for the year ended 30 June 2012

15. Reconciliation of cash flows from operating activities to surplus for the period

	2012 \$'000	2011 \$'000
Net cash flows from operating activities	(11,985)	49,166
Depreciation	(9,224)	(3,878)
Loss on disposal of fixed assets	(15)	-
(Increase) in receivables	(519)	10,266
(Increase) in other assets	(703)	926
Increase in payables	3,164	(2,218)
Increase in rehabilitation provision	(6,646)	(30,342)
Unwinding of rehabilitation discount	(2,724)	(1,221)
Increase in other provisions	15,681	2,013
Surplus for the period	(12,971)	24,712

16. Non-cash investing and financing activities

Property, plant and equipment by means of equity transfer	-	52,321
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Property, plant and equipment received by means of equity transfer from WSN Environmental Solutions, is disclosed in Note 11.

Waste Assets Management Corporation

Notes to the Financial Statements for the year ended 30 June 2012

17. Financial instruments

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

The Corporation's main risks arising from financial instruments are outlined below, together with the Corporation's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Chief Executive has overall responsibility for the

establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Corporation, to set risk limits and controls to monitor risks. Compliance with policies is reviewed by the Chief Executive and Senior Management on a regular basis.

Financial instrument categories:

Financial Assets	Notes	Category	Carrying amount	
			2012 \$'000	2011 \$'000
Class:				
Cash and cash equivalents	5	N/A	59,508	75,335
Receivables ¹	6	Loans and receivables (at amortised cost)	10,682	10,614

Financial Liabilities	Notes	Category	Carrying amount	
			2012 \$'000	2011 \$'000
Class:				
Payables ²	9	Financial liabilities measured at amortised cost	4,833	8,898

Notes

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

Waste Assets Management Corporation

Notes to the Financial Statements for the year ended 30 June 2012

17. Financial instruments (continued)

(a) Credit Risk

Credit risk arises when there is the possibility of the Corporation's debtors defaulting on their contractual contributions, resulting in a financial loss to the Corporation. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Corporation, including cash, receivables, and authority deposits. No collateral is held by the Corporation. The

Corporation has not granted any financial guarantees.

Credit risk associated with the Corporation's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW Treasury Corporation (TCorp) are guaranteed by the State.

Cash

Cash comprises cash on hand and bank balances which earn interest daily.

Hour-Glass Investment Facilities

The Corporation has placed funds on deposit investments in Hour-Glass Investment facilities with TCorp, which has been rated "AAA" by Standard and Poors.

The Corporation's investments are represented by a number of units in managed investments within the facilities.

TCorp appoints and monitors fund managers and establishes and monitors the application of appropriate investment guidelines.

None of these assets are past due or impaired.

	Weighted Average Effective Interest Rate %	Floating Interest Rate %	1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000	Non Interest Bearing \$'000	Total Carrying Amount as per the Balance Sheet \$'000
30/06/2012							
Financial Assets							
Cash	4.4%	3.2%	3,057	-	-	1	3,058
Hour-Glass Investments / Cash Facility	4.9%	4.1%	56,450	-	-	-	56,450
Total Financial Assets			59,507	-	-	1	59,508

	Weighted Average Effective Interest Rate %	Floating Interest Rate %	1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000	Non Interest Bearing \$'000	Total Carrying Amount as per the Balance Sheet \$'000
30/06/2011							
Financial Assets							
Cash	4.6%	4.6%	1,698	-	-	1	1,699
Hour-Glass Investments / Cash Facility	5.6%	4.4%	73,636	-	-	-	73,636
Total Financial Assets			75,334	-	-	1	75,335

Waste Assets Management Corporation

Notes to the Financial Statements for the year ended 30 June 2012

17. Financial instruments (continued)

(a) Credit Risk (continued)

Receivables – trade debtors

All trade and other debtors are recognised as amounts receivable at balance date. Collectability of all debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts, which are

known to be uncollectible, are written off.

An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and the debtor's credit ratings. No interest is earned on trade debtors. Sales are generally made on 30 day terms.

96% of the trade debtors balance is represented by one debtor, who has a low credit risk.

Based on past experience, debtors that are past due more than three months are considered impaired. There are no debtors which are currently past due or impaired whose terms have been renegotiated.

	Total ^{1,2} \$'000	Past due but not impaired ^{1,2} \$'000	Considered impaired ^{1,2} \$'000
2012			
< 3 months overdue	51	51	-
2011			
< 3 months overdue	68	68	-

Notes

- Each column in the table reports 'gross receivables'.
- The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the Statement of financial position.

Waste Assets Management Corporation

Notes to the Financial Statements for the year ended 30 June 2012

17. Financial instruments (continued)

(b) Liquidity Risk

Liquidity risk is the risk the Corporation will be unable to meet its payment obligations when they fall due. The Corporation continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

During the current period, there were no defaults or breaches on any loan payable.

No assets have been pledged as collateral. The Corporation's exposure to liquidity risk is deemed insignificant based on current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods and services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set

out in Treasury Circular TC 11/12. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or statement is received. Treasury Circular TC 11/12 allows the Minister to award interest for late payment. Although not required, the applicable interest rate for the period was 13% (2011:13%).

The table below summarises the maturity profile of the Corporation's financial liabilities, together with the interest rate exposure.

	Weighted Average Effective Int. Rate %	Nominal Amount \$'000	Interest Rate Exposure \$'000			Maturity Dates		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non- interest bearing \$'000	<1 year \$'000	1-5 years \$'000	>5 years \$'000
2012								
Payables	-	4,833	-	-	4,833	4,833	-	-
		4,833	-	-	4,833	4,833	-	-
2011								
Payables	-	8,898	-	-	8,898	8,185	713	-
	-	8,898	-	-	8,898	8,185	713	-

Waste Assets Management Corporation

Notes to the Financial Statements for the year ended 30 June 2012

17. Financial instruments (continued)

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Corporation's exposure to market risk are primarily through price risks associated with the movement in the unit price of the Hour-Glass Investment Facilities. The Corporation has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information

below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Corporation operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis assumes that all other variables remain constant.

The Corporation does not account for any fixed rate

financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Corporation's exposure to interest rate risk is set out below.

	Carrying Amount \$'000	-1% Profit \$'000	Equity \$'000	1% Profit \$'000	Equity \$'000
2012					
<i>Financial Assets</i>					
Cash at bank and on hand	3,058	(31)	-	31	-
<i>Financial Liabilities</i>					
Payables	4,833	48	-	(48)	-
2011					
<i>Financial Assets</i>					
Cash at bank and on hand	1,699	(17)	-	17	-
<i>Financial Liabilities</i>					
Payables	8,898	89	-	(89)	-

Waste Assets Management Corporation

Notes to the Financial Statements for the year ended 30 June 2012

17. Financial instruments (continued)

(c) Market Risk (continued)

Other price risk – TCorp Hour-Glass facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour-Glass Investment facilities, which are held for strategic rather than trading purposes. The Corporation has no direct equity investments. The Corporation holds units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment Horizon	2012 \$'000	2011 \$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	11,409	30,756
Strategic Cash facility	Cash, money market and other interest rate instruments	1.5 years to 3 years	45,041	42,880

The unit price of each facility is equal to the total fair value of net assets held by the facility divided by the total number of units on issue for that facility. Unit prices are calculated and published daily.

NSW TCorp as trustee for each of the above facilities is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate

agreed to by the parties. However, TCorp acts as manager for part of the Cash and Strategic Cash Facilities. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour-Glass facilities limits the Corporation's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

NSW TCorp provides sensitivity analysis information for each of the investment facilities, using

historically based volatility information collected over a ten year period, quoted at two standard deviations (i.e. 95% probability). The TCorp Hour-Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity). A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility.

	Impact on profit/loss		
	Change in unit price	2012 \$'000	2011 \$'000
Hour-Glass Investments	1%	565	736
Hour-Glass Investments	-1%	(565)	(736)

Waste Assets Management Corporation

Notes to the Financial Statements for the year ended 30 June 2012

17. Financial instruments (continued)

(d) Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value. As discussed, the value of the Hour-Glass Investments is based on the Corporation's share of the value of the underlying assets of the facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

The amortised cost of financial instruments recognised in the balance sheet approximates the fair value, because of the short-term nature of many of the financial instruments.

(e) Fair value recognised in the statement of financial position

The Corporation uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

- Level 1 – Derived from quoted prices in active markets for identical assets/liabilities
- Level 2 – Derived from inputs other than quoted prices that are observable directly or indirectly
- Level 3 – Derived from valuation techniques that include inputs for the asset/liability not based on observable market data (unobservable inputs)

	Level 1	Level 2	Level 3	2012
	\$'000	\$'000	\$'000	Total \$'000
Financial assets at fair value				
Hour-Glass Investments / Cash Facility	-	56,450	-	56,450
	-	56,450	-	56,450
				2011
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value				
Hour-Glass Investments / Cash Facility	-	73,636	-	73,636
	-	73,636	-	73,636

The table above only includes financial assets, as no financial liabilities were measured at fair value in the statement of financial position.

There were no transfers between level 1 and 2 during the year ended 30 June 2012.

Waste Assets Management Corporation

Notes to the Financial Statements for the year ended 30 June 2012

18. Interests in joint ventures

Jointly controlled assets

The Corporation has entered into a joint venture called Eastern Creek 2 Landfill Gas Joint Venture with LMS Generation Pty Limited to capture gas from landfills and therewith to generate electricity. The Corporation has a 50% participating interest in this joint venture and is entitled to 50% of its output of electricity generated and Renewable Energy Certificates. The Corporation's interests in the assets employed in the joint venture are included in the balance sheet, in accordance with the accounting policy described in note 1(c).

	2012	2011
	\$'000	\$'000
Share of corporation's assets and liabilities		
Current assets	68	33
Non-current assets	4,031	4,562
Total assets	4,099	4,595
Current liabilities	83	79
Total liabilities	83	79
Net assets	4,016	4,516
Share of corporation's revenue, expenses and results		
Revenue	1	-
Expenses	(1,285)	(710)
Net loss before income tax	(1,284)	(710)

Each of the shareholders in Eastern Creek 2 Landfill Gas Joint Venture with LMS Generation Pty Limited is jointly and severally liable for the debts of the company. The assets of the company exceed its debts.

Waste Assets Management Corporation

Notes to the Financial Statements for the year ended 30 June 2012

19. After reporting date events

On 1 July 2012 the Commonwealth *Clean Energy Act 2011*, and associated legislation, came into effect. This legislation requires:

- Monitoring and reporting on green house gas emissions.
- Modelling the cost of carbon.
- Establishing the trading function of buying and selling carbon emission permits.

This legislation creates future liability for the Corporation based on emissions from waste deposited after 1 July 2012. The Corporation has developed a model for forecasting and pricing Carbon to enable pass through of these costs to its customers.

[END OF AUDITED FINANCIAL STATEMENTS]



INDEPENDENT AUDITOR'S REPORT

Australian Centre for Advanced Computing and Communications Pty Limited

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Australian Centre for Advanced Computing and Communications Pty Limited (the Company), which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 30 June 2012, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010
- also comply with International Financial Reporting Standards as disclosed in Note 1b.

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

The Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does not provide assurance:

- about the future viability of the Company
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements

Independence

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

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



David Nolan
Director, Financial Audit Services

3 October 2012 2012
SYDNEY

Directors' Declaration

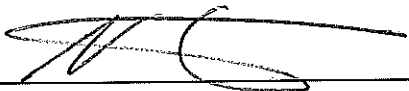
In accordance with a resolution of the directors of the Australian Centre for Advanced Computing and Communications Pty Ltd and pursuant to Section 41C(1C) of the Public Finance and Audit Act 1983, in the opinion of the directors:


1. The accompanying financial statements exhibit a true and fair view of the financial position of the company as at 30 June 2012 and the transactions for the year ended 30 June 2012.
2. The financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983 and Regulation 2010.

In the directors' opinion, the company will be able to pay its debts as and when they fall due.

Further, we are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

This statement is made in accordance with a resolution of the directors.



Director

Director

Sydney

Dated 31/10/2012

Notes to the Financial Statements

Statement of Comprehensive Income for the year ended 30 June 2012

Australian Centre for Advanced Computing and Communications Pty Ltd

	Note	2012 \$'000	2011 \$'000
Revenue	2	15,386	17,196
Expenses			
Employee benefits expense	3	(5,486)	(4,861)
Depreciation expenses		(2,014)	(1,839)
Financing expenses		(352)	(324)
Other operating expenses	3	(7,177)	(9,614)
		-----	-----
Profit for the year before tax		357	558
Current tax expense	4a	-	-
Deferred tax benefit	4a	76	96
		-----	-----
NET PROFIT AFTER TAX		433	654
		=====	=====
Other comprehensive income		-	-
		-----	-----
Other comprehensive income for the year		-	-
		-----	-----
TOTAL COMPREHENSIVE INCOME		433	654
		=====	=====

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position as at 30 June 2012
Australian Centre for Advanced Computing and Communications Pty Ltd

	Note	2012 \$'000	2011 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	5	2,597	2,462
Trade and other receivables	6	2071	1,796
Deferred tax assets	4b	666	708
Total current assets		5,334	4,966
Non-current assets			
Plant and equipment	7	3,764	5,331
Deferred tax assets	4b	460	819
Total non-current assets		4,224	6,150
TOTAL ASSETS		9,558	11,116
		=====	=====
LIABILITIES			
Current liabilities			
Trade and other payables	8	1,618	1,620
Provisions	9	387	322
Interest bearing liabilities	10	1,236	1,571
Other current liabilities	11	316	260
Deferred tax liabilities	4b	360	478
Total current liabilities		3,917	4,251
Non-current liabilities			
Provisions	9	110	74
Interest bearing liabilities	10	1,423	2,659
Other non-current liabilities	11	153	251
Deferred tax liabilities	4b	389	748
Total non-current liabilities		2,075	3,732
TOTAL LIABILITIES		5,992	7,983
		=====	=====
NET ASSETS		3,566	3,133
		=====	=====
EQUITY			
Issued capital		14,920	14,920
Accumulated losses		(11,354)	(11,787)
Total Equity		3,566	3,133
		=====	=====

The above statement of financial position should be read in conjunction with the accompanying notes

Statement of Changes in Equity for the year ended 30 June 2012

Australian Centre for Advanced Computing and Communications Pty Ltd

	Issued Capital \$'000	Accumulated Loss \$'000	Total \$'000
Balance as at 1 July 2011	14,920	(11,787)	3,133
Profit for the year after tax	-	433	433
Other comprehensive income	-	-	-
Total other comprehensive income for the year	-	-	-
Total comprehensive income for the year			
Balance as at 30 June 2012	14,920	(11,354)	3,566
Balance as at 1 July 2010	14,920	(12,441)	2,479
Profit for the year after tax	-	654	654
Other comprehensive income	-	-	-
Total other comprehensive income for the year	-	-	-
Total comprehensive income for the year			
Balance as at 30 June 2011	14,920	(11,787)	3,133

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows for the year ended 30 June 2012

Australian Centre for Advanced Computing and Communications Pty Ltd

	Note	2012 \$'000	2011 \$'000
Cash flows from operating activities			
Receipts from customers, grants and rentals		15,069	17,286
Payments to suppliers and employees		(12,634)	(14,163)
Financing costs		(352)	(324)
Interest received		70	129
Net cashflows from operating activities	15	2,153	2,928
Cash flows from investing activities			
Payments for plant and equipment		(447)	(818)
Proceeds from disposal of assets		-	-
Net cash from investing activities		(447)	(818)
Cash flows from financing activities			
Repayment of borrowings		(1,571)	(1,448)
Net cash from financing activities		(1,571)	(1,448)
Net increase in cash and cash equivalents		135	662
Cash and cash equivalents at beginning of the year		2,462	1,800
Cash and cash equivalents at end of the year	5	2,597	2,462

The above statement of cash flows should be read in conjunction with the accompanying notes.

1. Summary of significant accounting policies

(a) Reporting entity

The Australian Centre for Advanced Computing and Communications Pty Ltd (ac3) was registered as a proprietary company limited by shares under the Corporations Act 2001 on 10 November 2000 and it is a for profit company. Prior to 29 June 2012, 57% of the shares in this company were held on behalf of the NSW Government by NSW Government Telecommunications Authority (Telco), with the remaining 43% being held by 8 NSW based Universities. On 29 June 2012, the NSW Government acquired the 43% shares held by the Universities and currently holds 100 per cent of the shares in the company.

Its registered office and principal place of business is Suite 7002, 2 Locomotive Street, Eveleigh NSW 2015.

These financial statements for the year ended 30 June 2012 have been authorised for issue by the Directors on 3 October 2012.

(b) Basis of preparation - Reporting Basis and Conventions

Due to its size of operations the company is a small proprietary company under the *Corporations Act 2001* and is not required under that Act to prepare general purpose financial statements. Because the company is controlled by a statutory authority (The NSW Government Telecommunications Authority) the company is also a statutory authority under the *Public Finance and Audit Act 1983*. This Act requires the company to prepare general purpose financial statements.

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of account has been applied.

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

The financial statements comply with Australian Accounting Standards, which include Australian Accounting Interpretations and the requirements of the Public Finance and Audit Act 1983 and Regulation. The financial statements comply with International Financial Reporting Standards (IFRS).

At the reporting date, a number of Accounting Standards adopted by the AASB had been issued but are not yet operative and have not been early adopted by the company.

It is considered that the implementation of these Standards will not have any material impact on the company's financial results.

(c) Income tax

The income tax expense for the year comprises current income tax expense and deferred tax expense. Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities are therefore measured at the amounts expected to be paid. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

(e) Trade receivables

Trade receivables are recognised and carried at original invoice amount less allowance for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Receivables which are known to be uncollectible are written off. An allowance for doubtful receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is recognised in the profit/loss.

(f) Acquisition of assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

(g) Plant and equipment

Each class of plant and equipment is carried at fair value, where applicable, any accumulated impairment losses.

Physical plant and equipment is valued in accordance with the "Guidelines for the Valuation of Physical Non-Current Assets at Fair Value" (TPP 07-01). ac3's non current assets are non-specialised assets with short useful lives. They are measured at depreciated historical cost, as a surrogate for fair value.

The carrying amount of plant and equipment is reviewed annually by management to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal.

Subsequent costs are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit/loss during the financial period they are incurred.

Property, plant and equipment costing \$1000 and above individually (or forming part of a network costing more than \$1000) are capitalised.

(h) Depreciation and Amortisation

The depreciable amount of all fixed assets including capitalised leased assets is depreciated or amortised on a straight line basis over their useful lives commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Major depreciation periods are:

- Plant and equipment 4-10 years
- Furniture and fittings 5-8 years

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(i) Impairment of assets

At each reporting date, the company reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit/loss.

(j) Leases

Leases of plant and equipment, where substantially all the risks and benefits incidental to ownership of the asset, but not legal ownership, are transferred to the company are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the fair value of the leased property.

Leased assets are amortised on a straight line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(k) Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligation exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising of original debt less principal payments and amortisation.

Impairment

At each reporting date, the company assess whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in profit/loss.

(l) Employee entitlements

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave for employees with five or more years' services. Liabilities arising in respect of wages and salaries, annual leave, long service leave and any other employee entitlements are measured at

their nominal amounts using remuneration rates at rates expected to be paid at. It is considered that this measurement technique produces results not materially different from the estimate determined by using the present value basis of measurement.

(m) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. The provisions are discounted to present value when they will be settled later than one year.

(n) Revenue recognition

Revenue is recognised to the extent that the economic benefits will flow to the entity and the revenue can be reliably measured:

Sale of goods

Control of the goods has passed to the buyer.

Rendering of services

Where the contract outcome can be reliably measured, control of the right to be compensated for the services and the stage of completion can be reliably measured. Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent that costs have been incurred.

Interest

Control of the right to receive the interest payment.

(o) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(p) Dividends

Dividends are recorded when paid or declared.

(q) Comparatives

When an Australian Accounting Standard permits or otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

2. Revenue

	2012 \$'000	2011 \$'000
Revenue from continuing operations		
Provision of services	14,881	14,607
Sales of goods	435	2,460
	-----	-----
Other revenue		
Interest received	70	129
	-----	-----
Total revenue	15,386	17,196
	=====	=====

3. Expenses

	2012 \$'000	2011 \$'000
Profit for the year before tax includes the following specific expenses:		
Employee benefits expense		
Annual and long service leave provided	94	1
Payroll tax	246	220
Salaries and wages	4,751	4,287
Superannuation	395	353
	-----	-----
Total employee benefits expense	5,486	4,861
	=====	=====
Other operating expenses		
Audit fees	35	35
Cost of goods sold	2,238	3,869
Co-Location fee	1,310	1,151
Directors' remuneration	79	85
Operating lease rental – minimum lease payments	541	1,837
Other expenses	1,171	875
Power	784	776
Rent	373	362
Repairs and maintenance	326	199
Telecommunications	320	425
	-----	-----
Total other operating expenses	7,177	9,614
	=====	=====

4. Income tax expense

	2012 \$'000	2011 \$'000
(a) The components of tax expense comprise:		
Prima facie tax payable	107	167
(30% on profit from ordinary activities before tax)		
Deferred tax benefit resulting from temporary differences	76	96
Recoupment of prior year tax losses	(183)	(263)
	-----	-----
	-	-
	=====	=====
(b) Deferred tax asset/(Deferred tax liability)		
Deferred tax items recognised in the statement of comprehensive income		
Provisions for employee entitlements	135	106
Other provisions	195	153
Lease liability	796	1,268
	-----	-----
	1,126	1,527
Plant and equipment subject to lease	(749)	(1,226)
	-----	-----
Net deferred tax asset	377	301
	=====	=====
Deferred tax asset recognised in the statement of financial position		
Current asset	666	708
Non-current asset	460	819
	-----	-----
	1,126	1,527
	=====	=====
Deferred tax liability recognised in the statement of financial position		
Current liability	360	478
Non-current liability	389	748
	-----	-----
	749	1,226
	=====	=====

5. Cash and cash equivalents

	2012 \$'000	2011 \$'000
Cash at bank and on hand	2,597	2,462
	=====	=====
(a) Reconciliation to cash and cash equivalents at the end of the year		
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:		
Balance per statement of cash flows	2,597	2,462
	=====	=====

(b) Cash at bank and on hand

The deposits bear a floating interest rate of 2.77%.
(2011-6.03%). These funds are at call.

Refer Note 17 for details regarding credit risks, liquidity risk and market risk arising from financial instruments

6. Trade and other receivables

	2012 \$'000	2011 \$'000
Current		
Trade debtors and receivables	2,071	1,796
	=====	=====

Refer Note 17 for details regarding credit risks, liquidity risk and market risk including financial assets either past due or impaired

7. Plant and equipment

	2012 \$'000	2011 \$'000
Plant and Equipment – Fair Value		
Gross Carrying Amount	2,057	1,726
Accumulated depreciation	(830)	(538)
	-----	-----
Net Carrying Amount Plant and Equipment	1,227	1,188
	=====	=====
Furniture and Fittings – Fair Value		
Gross Carrying Amount	139	131
Accumulated depreciation	(97)	(77)
	-----	-----
Net Carrying Amount Furniture and Fittings	42	54
	=====	=====
Leased Assets – Fair Value		
Gross Carrying Amount	6,201	7,218
Accumulated amortisation	(3,706)	(3,129)
	-----	-----
Net Carrying Amount Leased assets	2,495	4,089
	=====	=====
Total Plant and equipment – Fair Value		
Gross Carrying Amount	8,397	9,075
Accumulated depreciation & amortisation	(4,633)	(3,744)
	-----	-----
Net Carrying Amount	3,764	5,331
	=====	=====

7. Plant and equipment continued

	Plant & Equipment \$'000	Furniture & Fittings \$'000	Leased Assets \$'000	Total \$'000
Reconciliation – 2012				
Net carrying amount at the beginning of year	1,188	54	4,089	5,331
Additions	437	10	-	447
Disposals	-	-	-	-
Depreciation/amortisation	(398)	(22)	(1,594)	(2,014)
	-----	-----	-----	-----
Net carrying amount at the end of year	1,227	42	2,495	3,764
	=====	=====	=====	=====
Reconciliation – 2011				
Net carrying amount at the beginning of year	659	66	3,540	4,265
Additions	813	6	2,085	2,904
Disposals	-	-	-	-
Depreciation/amortisation	(284)	(18)	(1,536)	(1,838)
	-----	-----	-----	-----
Net carrying amount at the end of year	1,188	54	4,089	5,331
	=====	=====	=====	=====

8. Trade and other payables

	2012 \$'000	2011 \$'000
GST payable	225	76
Sundry creditors and accruals	705	550
Trade creditors	688	994
	-----	-----
Refer Note 17 for details regarding credit risks, liquidity risk and market risk, including a maturity analysis of the above payables	1,618	1,620
	=====	=====

9. Provisions

	2012 \$'000	2011 \$'000
Current		
Annual Leave	291	252
Long Service Leave	96	70
	-----	-----
	387	322
	=====	=====
Non-Current		
Long Service Leave	59	30
Provision for premises relocation	51	44
	-----	-----
	110	74
	=====	=====
Movement in provision for premises relocation		
Carrying amount at the beginning of financial year	44	40
Additional provision recognised	-	-
Amount used	-	-
Unused amount	-	-
Unwinding of discount rate	7	4
	-----	-----
Carrying amount at end of financial year	51	44
	=====	=====

10. Interest bearing liabilities

Future non-cancellable finance lease payments for equipment relating to varying contract periods and suppliers.

	2012 \$'000	2011 \$'000
Equipment		
Minimum commitments payable are as follows:		
Within one year	1,441	1,922
Later than one year but not later than five years	1,530	2,971
Later than five years	-	-
	-----	-----
Minimum lease payments	2,971	4,893
Future finance charges	(312)	(663)
	-----	-----
Present value of minimum lease payments	2,659	4,230
	=====	=====
Finance leases are disclosed in the statement of financial position as follows:		
Current interest bearing liability	1,236	1,571
Non-current interest bearing liability	1,423	2,659
	-----	-----
	2,659	4,230
	=====	=====

Details regarding credit risk, including a maturity analysis of the above borrowings are disclosed in Note 17.

11. Other liabilities

	2012 \$'000	2011 \$'000
Current		
Income in advance	316	260
	=====	=====
Non-current		
Income in advance	153	251
	=====	=====

12. Related party disclosures

(a) Details of director remuneration

Details of the remuneration of each non-executive director of Australian Centre for Advanced Computing and Communications Pty Ltd are set out in the following table.

Name	Short-term Cash salary and fees (\$'000)	Post-employment Superannuation (\$'000)	Total (\$'000)
R. Dixon	13	1	14
C. Howells	7	1	8
E. More	13	1	14
N. Stevens	27	2	29
R. Wheeler	13	1	14
Total	73	6	79

None of the other directors listed in the directors' report received any remuneration for the financial year ended 30 June 2012.

(b) Details of key management personnel

The names of each person holding the position of director of the company during the financial year are listed in the Directors' Report.

Details of the executive officers are as follows:

Philip McCrea, Chief Executive Officer and Monique McIntosh, Acting Chief Executive Officer

(c) Compensation of key management personnel

	2012 \$'000	2011 \$'000
Short term benefits	413	438
Post-employment benefits	21	22
Other long-term employee benefits	-	-
	-----	-----
Key management personnel compensation	434	460
	=====	=====

The remuneration and other terms of employment are formalised in contracts of employment.

(d) Transactions involving our related entities

The company received revenue from the NSW Department of Finance & Services, our ultimate parent entity, for the provision of managed services during fiscal 2012 and 2011, and from Macquarie University for the provision of Service Desk support during fiscal 2011.

	2012 \$'000	2011 \$'000
Department of Finance & Services	1,218	1,399
Macquarie University	-	27
	-----	-----
Related entities transaction	1,218	1,426
	=====	=====

13. Commitments for expenditure

Operating leases

Future non-cancellable operating lease rentals not provided for and payable for accommodation and equipment relating to varying contract periods and suppliers.

	2012 \$'000	2011 \$'000
Accommodation and equipment		
Minimum commitments payable are as follows:		
No later than one year	2,286	2,154
Later than one year but not later than five years	5,190	6,634
Later than five years	1,421	1,915
	-----	-----
Total (including GST)	8,897	10,703
	=====	=====

The total accommodation and equipment commitments include input tax credits of \$773,744.

14. Segment reporting

The company operates in one business and geographical segment, being the provision of Managed Co-location Services in New South Wales.

15. Reconciliation of profit to net cash inflows from operating activities

	2012 \$'000	2011 \$'000
Profit before tax	357	558
Depreciation of plant and equipment	2,014	1,839
Changes in operating assets and liabilities		
(Increase) in trade and other receivables	(260)	(117)
Decrease/(Increase) in other assets	79	(238)
(Decrease)/Increase in prepaid revenue	(41)	220
(Decrease)/Increase in trade creditors and provisions	(50)	551
Increase in other liabilities	55	115
	-----	-----
Net cashflow provided by operating activities	2,154	2,928
	=====	=====

16. Auditor's remuneration

The auditor of the Australian Centre for Advanced Computing and Communications Pty Ltd is the Audit Office of New South Wales.

Amounts due and receivable by the Audit Office of New South Wales:

	2012 \$'000	2011 \$'000
Assurance services		
Audit services - Audit of the financial statements	35 =====	35 =====

17. Financial instruments

Ac3's principal financial instruments are outlined below. These financial instruments arise from ac3's operations or are required to finance ac3's operations. Ac3 does not trade financial instruments. The Board is responsible for the oversight of risk management.

The entity's main risks arising from financial instruments are outlined below, together with the entity's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

Financial assets Class	Note	Category	Carrying Amount 2012 \$'000	Carrying Amount 2011 \$'000
Cash and cash equivalents ¹	5	N/A	2,597	2,462
Trade and other receivables	6	Loans and Receivables (at amortised cost)	2,071	1,615
Trade and other payables ²	9	Financial liabilities measured at amortised cost	1,393	1,544
Lease liabilities	11	Interest bearing liabilities at amortised cost	1,796	4,893

1. Excludes statutory receivables and prepayments (not within scope of AASB 7)

2. Excludes statutory payables and unearned revenue/revenue received in advance (not within scope of AASB 7)

17. Financial instruments continued

Liquidity risk

The liquidity risk is minimal as the company has cash reserves available at call in addition to readily accessible standby facilities. Receivables are on terms of no more than 30 days payable from invoice date.

Fixed interest maturing and interest rate exposure of financial liabilities:

2012 Financial liabilities	Weighted interest rate	1 year or less	1 year to 5 years	More than 5 years	Non-interest bearing 1 year or less	Total
Trade and other payables	-	-	-	-	1,393	1,393
Lease liabilities	7.8%	1,441	1,530	-	-	2,971
Total financial liabilities	-	1,441	1,530	-	1,393	4,364
2011 Financial liabilities						
Trade and other payables	-	-	-	-	1,544	1,544
Lease liabilities	9.5%	1,922	2,971	-	-	4,893
Total financial liabilities	-	1,922	2,971	-	1,544	6,437

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognise financial assets is the carrying amount of those assets, net of any allowance for impairment, as disclosed in the statement of financial position and notes to the financial statements.

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the statement of financial position as per table below.

	Total \$'000	Past due but not impaired \$'000	Considered Impaired \$'000
2012			
Less than 3 months overdue	137	137	-
3 months to 6 months overdue	1	1	-
Greater than 6 months overdue	-	-	-
2011			
Less than 3 months overdue	25	25	-
3 months to 6 months overdue	32	32	-
Greater than 6 months overdue	-	-	-

Fair values

The carrying amount of the company's financial instruments is approximately its fair value.

Market/Price risk

Price risk is minimal due to 80% of revenue being derived from services provided. All capital equipment purchased by the company on behalf of customers was done so under the agreement of a signed contract and purchase order.

Interest Rate risk

The only component of market risk to which the company is exposed is interest rate risk. Our Interest rate risk is minimal due to fixed interest rates with all loans related to equipment lease agreements.

2012 Financial assets	Carrying Amount	-1% Profit	-1% Equity	1% Profit	1% Equity
Cash and cash equivalents	2,597	(26)	(26)	26	26
Financial Liabilities					
Lease liabilities	2,659	27	27	(27)	(27)

2011 Financial assets	Carrying Amount	-1% Profit	-1% Equity	1% Profit	1% Equity
Cash and cash equivalents	2,462	(24)	(24)	24	24
Financial liabilities					
Lease liabilities	4,893	49	49	(49)	(49)

18. Contingent liabilities and assets

ac3 is not aware of any contingent liabilities or assets associated with its operations.

19. Subsequent events

There were no events occurring after reporting date requiring disclosure.

--- End of Audited Financial Statements ---

9. Appendices

9.1	Accounts payable performance	295
9.2	Annual report preparation	296
9.3	Consultants	297
9.4	Consumer response	299
9.5	Credit card certification	302
9.6	Disclosure of controlled entities	302
9.7	Employment and equal opportunity statistics	302
9.8	Disability action plan	305
9.9	Employment relations policies and practices	306
9.10	Multicultural policies and services program plan	309
9.11	Occupational health and safety	311
9.12	Funds granted to non-government community organisations	313
9.13	Government Information (Public Access)	324
9.14	Privacy management plan	327
9.15	Land disposal	328
9.16	Implementation of Price Determination	328
9.17	Principal legislation administered	328
9.18	Legislative change	333
9.19	Significant judicial decisions	339
9.20	Overseas travel	344
9.21	Public interest disclosure	346
9.22	Research and development	347
9.23	Risk management, attestation and insurance activities	348
9.24	Senior Executive Service performance	351
9.25	Waste reduction and purchasing policy	360
9.26	Department of Finance and Services and related entities offices	361

9.1 Accounts payable performance

For principal department divisions

Corporate Services, Government Services, Legal and Governance, NSW Fair Trading, NSW Industrial Relations, NSW Public Works, Policy, Ministerial and Executive Services, Land and Property Information and Office of State Revenue.

Aged analysis at the end of each quarter

Quarter	Current \$'000	Less than 30 days overdue \$'000	Between 30 and 60 days overdue \$'000	Between 60 and 90 days overdue \$'000	More than 90 days overdue \$'000	Total \$'000
All Suppliers						
September	47,844	13	1,923	0	1	49,781
December	56,460	247	1	0	676	57,384
March	54,324	3,238	29	4	129	57,724
June	87,203	2,449	523	31	93	90,299
Small Business Suppliers						
September	0	0	0	0	0	0
December	0	0	0	0	0	0
March	126	0	0	0	0	126
June	106	18	0	3	0	127

Note: Small business registration with the department commenced in January 2012. A small business is defined as an Australian or New Zealand business with annual turnover of less than \$2 million.

Accounts due or paid within each quarter

Measure	Sep-11	Dec-11	Mar-12	Jun-12
All Suppliers				
Number of accounts due for payment	48,881	44,772	40,731	46,656
Number of accounts paid on time	40,555	36,746	34,620	44,677
Actual percentage of accounts paid on time (based on number of accounts)	83%	82%	85%	96%
Dollar amount of accounts due for payment (\$'000)	537,700	523,591	374,803	531,865
Dollar amount of accounts paid on time (\$'000)	474,923	449,284	316,350	515,973
Actual percentage of accounts paid on time (based on \$)	88%	86%	84%	97%
Number of payments for interest on overdue accounts	0	0	0	2

Measure	Sep-11	Dec-11	Mar-12	Jun-12
Interest paid on overdue accounts	0	0	0	72
Small Business Suppliers				
Number of accounts due for payment to small businesses	-	-	249	366
Number of accounts due to small businesses paid on time	-	-	229	351
Actual percentage of small business accounts paid on time (based on number of accounts)	-	-	92%	96%
Dollar amount of accounts due for payment to small businesses (\$'000)	-	-	803	1,039
Dollar amount of accounts due to small businesses paid on time (\$'000)	-	-	679	994
Actual percentage of small business accounts paid on time (based on \$)	-	-	85%	96%
Number of payments to small business for interest on overdue accounts	-	-	0	2
Interest paid to small businesses on overdue accounts	-	-	0	72

Note: The report does not include payments made to employees, payments related to payroll and super Small business registration commenced in January 2012. All numbers are reported from 30 days from receipt of a correctly rendered invoice.

Commentary

The department improved its payment performance by adopting the government's initiative encouraging payments to all suppliers within 30 days from receipt of a correctly rendered invoice.

Small businesses are mandated to be paid within 30 days.

The department made two interest payments to small business in the financial year due to administrative failures on which additional training and education has been provided to staff.

9.2 Annual report preparation

The Department of Finance and Services' annual report was produced internally with external support at a cost of \$953.30.

This report is available from the Department of Finance and Services' website, www.services.nsw.gov.au/about-us/annual-reporting.

9.3 Consultants

Engagements over \$50,000

Consultant	Office	Category & Purpose	Expenditure
GHD Pty Ltd	Telco Authority	Organisational review - Audit of NSW Govt. Radio Infrastructure	\$502,816
Karera Pty Ltd	Telco Authority	Organisational review - Review of GRN Telecommunication Links	\$94,106
Independent Pricing and Regulatory Tribunal (IPART)	Telco Authority	Organisational review - Review Pricing Model for NSW Govt. Radio	\$62,700
Portland Group	NSW Procurement	Management services - Agency Accreditation Scheme	\$181,649
Accenture	ServiceFirst	Management services - People Management Approach	\$153,089
Ernst & Young	ServiceFirst	Management services - Management Assurance Framework	\$206,040
Ernst & Young	ServiceFirst	Information technology - eWorkplace	\$235,000
Technology Partners International	ServiceFirst	Organisational review - NEWCO Shared Services Model	\$90,982
O'Connor Marsden & Associates	Corporate and Shared Services Reform	Organisational review - Q2 and Q3 Program State of Play Reviews	\$111,823
Third Horizon	Corporate and Shared Services Reform	Organisational review - Q2 and Q3 Review of Program Blueprint	\$136,364
Gail Maria Burke	Corporate and Shared Services Reform	Management services - Independent Steering Committee Member (payments for full year)	\$75,625
Ernst and Young	ICT Strategic Delivery	Management services - GLS Strategic Direction and Extension	\$195,000
PWC	ICT Strategic Delivery	Management services - Infrastructure Management Service Plan	\$160,000
Dimension Data Australia P/L	Office of State revenue	Information technology - Information Security Health Check	\$131,081
Limebridge Australia P/L	Office of State revenue	Management services - Diagnose demand reduction & operational improvements for the SDRO contact centre	\$111,620
Edgar, Dunn & Company P/L	Office of State revenue	Management services - Migration Strategy Project	\$82,083
Finlay Consulting	Legal and Governance	Legal - M5 widening - independent review	\$50,000
Ernst & Young	Legal and Governance	Organisational review - Review of Business Continuity Plan documentation and provide recommendation	\$150,000
Deloitte	ICT Policy	Organisational review - NSW Service Capability Framework	\$185,681

Consultant	Office	Category & Purpose	Expenditure
Gartner	ICT Policy	Organisational review - NSW Service Capability Framework	\$64,000
Macquarie Capital	Office of Finance	Finance and accounting/tax - Financial advice on Property Asset Utilisation Taskforce	\$247,500
KPMG Australia	Office of Finance	Finance and accounting/tax - Specialist economic advice regarding special infrastructure contributions.	\$139,135
Third Horizon	Corporate Services (ICT)	Organisational review - Provide professional management advice on Corporate Operating Model	\$172,800
Doll Martin Associates	Corporate Services (ICT)	Information technology - Development of business case for transition to ServiceFirst	\$64,300
Allen Consulting Group	Corporate Head Office	Organisational review - Profitability review and industry benchmarking of NSW Public Works	\$426,267
Ernst and Young	Corporate Head Office	Organisational review - Market testing and general review of Land and Property Information	\$79,323
KPMG	Corporate Head Office	Organisational review - Review of the DFS Corporate Operating Model	\$345,154
Total engagements over \$50,000			\$4,454,138

Engagements under \$50,000

Category & Purpose	Number	Expenditure
Finance and accounting/tax	5	\$136,347
Information technology	5	\$53,479
Legal	2	\$32,600
Management services	16	\$300,833
Organisational review	6	\$184,294
Total engagements under \$50,000	34	\$707,553
Total cost of consultancies		\$5,161,691

9.4 Consumer response

NSW Fair Trading

NSW Fair Trading publishes Customer Service Standards, which detail the delivery standards that the public can expect when interacting with Fair Trading. NSW Fair Trading encourages feedback from the public and this feedback is managed in accordance with the Department of Finance and Services Customer Feedback Management Policy. The feedback can be lodged at a counter, over the telephone, through the mail or on the NSW Fair Trading website (www.fairtrading.nsw.gov.au).

In 2011/12, 555 customer feedback responses were received from consumers and traders, comprising of 281 (51%) compliments, 49 (9%) suggestions, 225 (41%) complaints. These percentages indicate an increase in compliments and a decrease in complaints compared with 2010/11. Compliments expressed praise for various aspects of customer service, especially service quality, staff helpfulness and professionalism. Through a process overseen by senior management, the 225 complaints were reviewed and addressed. Fair Trading actively monitors its customer complaint handling performance and evaluates customer complaint volumes and trends for service improvement purposes. After reviewing the resolution of the complaints received it was found that 55% were unjustified, a further 17% had some substance and the remaining 28% were justified.

Complaints related to:

Basic/unfair treatment/tone	7%	Limits to powers/authority	0%
Delays	8%	Faulty procedures	6%
Denial of natural justice	0%	Poor customer service	21%
Failure to deal appropriately with complaint	22%	Inaccurate information/wrong decision	7%
Lack of feedback/response	8%	Other	20%

NSW Industrial Relations

In 2011/12, NSW Industrial Relations (NSW IR) received 13 complaints or suggestions related to its IR Service Delivery Branch, one complaint related to its Education and Information Services Branch and no complaints or suggestions related to its Analysis and Review (Policy) Branch.

Complaints received by the IR Service Delivery Branch have been in relation to Fair Work complainants alleging a lack of progression and/or contact from Investigators in relation to their complaint. NSW IR handles customer service complaints from approximately 2 per cent of complainants. In December 2011 the branch underwent a significant restructure and as a result has streamlined its service delivery roles and functions. IR Service Delivery has introduced a number of support strategies for staff in relation to the handling of Fair Work Investigation Files. The Program Co-ordination and Complex Matters Unit and principal investigators are managing client expectations as a part of case management of Fair Work Complaint files. This occurs on a fortnightly basis.

Government Services

NSW Procurement Client Support Centre statistics

	2009/10	2010/11	2011/12
Total number of enquiries	29,108	28,078	25,744
Total number resolved first level	22,104	22,466	20,759
% first level	75.94%	80.01%	80.64%
Total number resolved in Service Level Agreement (SLA)	27,026	26,837	24,202
% calls resolved in SLA	92.85%	95.06%	94.01%
Compliments	471	370	451
Complaints	7	5	5

ServiceFirst

ServiceFirst's maintained its focus on improving the customer experience throughout 2011/12, focusing on continuous improvement, streamlining the business and standardising processes to deliver value-for-money services:

- Revised the account management framework to facilitate robust communication and swift issue resolution, including changing Service Partnership Agreements to plain-English guides describing services offered, key performance metrics and accountabilities
- Continued investment in Lean 6 Sigma certification to facilitate continuous improvement, supported by a newly-established senior quality manager position with responsibility for all quality improvement initiatives
- Introduced a Management Assurance Framework (MAF) that provides an effective quality structure within which to identify and manage key risks and internal controls
- Established a strategic procurement and vendor management function to deliver significant procurement savings for ServiceFirst and its customers
- Restructured the ServiceFirst business for efficiency and effectiveness to ensure delivery of the right service, at the right price and with the right customer experience
- Conducted a customer satisfaction survey which provided valuable input into future plans for service and performance improvement
- Launched the revised ServiceFirst website

StateFleet

Eighty per cent of StateFleet staff have frontline contact with clients primarily by phone, with some face-to-face contact as required. StateFleet holds an annual fleet managers conference and maintains a formal compliments and complaints register. In the reporting year several compliments were received by StateFleet staff across various areas. No formal complaint was received in the reporting year.

StateFleet Client Satisfaction Survey was conducted 2011/12 and the survey results showed an overall client satisfaction rating of 79%.

Key performance indicators

Service Group	Indicator/Measure	Target 2010/11	Actual 2010/11	Target 2011/12	Actual 2011/12
StateFleet	Manage motor vehicle clearance rates at initial auction between 70% to 80%	70-80%	83%	70-80%	78.5%

Office of State Revenue

Client complaints by issue

Issue	Number of complaints
Customer service	14
Dispute regarding decision	1
EPAY/internet/interactive/voice recognition	10
Lack of/delayed response to correspondence	2
Notices not received/address errors	2
Payment issue	1
Request for withdrawal from enforcement	0
Other	8
Total	38

Land and Property Information

Land and Property Information's (LPI) Sydney CBD customer service centre received 161,768 telephone inquiries during the year, a decrease of 6.5% on the previous year. 67% of calls were answered within the KPI of one minute. The customer service centre also received 5,559 email inquiries, an increase of 40.5% on the previous year, with 92% answered within KPI of two business days. 22,664 face to face inquiries were answered, a decrease of 2.2% from the previous year, with an average wait of 6.04 minutes, well inside the KPI of 10 minutes. LPI's new Customer is our Focus (CIOF) forms, introduced at the commencement of the 2011/12 financial year, have resulted in more feedback from customers and improvements in ability to analyse and act on feedback provided. They have enabled customers to rate and comment on the different service channels, provide feedback on the overall service, and opt to be contacted by phone to discuss their comments further.

In 2011/12, 2,726 completed CIOF forms were received. The results for the period have been exceptional. From all feedback received, 97% of customers rated that they were either satisfied or more than satisfied with the overall service provided by LPI. Furthermore each individual service channel received satisfaction scores of 90% or above.

Customers praised LPI's efficient systems and processes, as well as the helpfulness and professionalism of staff, which included identifying numerous staff members for particular praise. Customers provided comments rating LPI very favourably against other government services. There were very few negative comments but of the critical feedback received, the most common area of concern was the occasionally long wait times for phone and face-to-face services.

During 2011/12, LPI's Valuation Customer Service Centre continued its progressive implementation of improvements to correspondence with landowners. The first call resolution rate in the Valuation Customer Service Centre remained high at approximately 91%, with an average call answer time of 15

seconds. LPI also commenced the issue of courtesy correspondence to landowners in certain circumstances when a land value not in use for rating purposes by local council has been reascertained.

LPI is to continue the progressive implementation of this into 2012/13, so that landowners receive this courtesy correspondence in all circumstances when their land value requires reascertainment. LPI also continued to collaborate with the Office of State Revenue to improve the coordination of service delivery, convening a workshop in late 2011 addressing the coordination of land valuation and land tax information and services, in addition to identifying opportunities for improvement.

9.5 Credit card certification

In accordance with Treasurer's Directions and Premier's Memoranda, the Director-General certified that corporate credit card use in Department of Finance and Services including Office of State Revenue and Land and Property Information, during 2011/12 has been in accordance with established Government requirements and practices.

9.6 Disclosure of controlled entities

For the purpose of financial reporting the Department of Finance and Services had the following controlled entities for which it prepared consolidated financial statements as at 30 June 2012:

- New South Wales Government Telecommunications Authority (Telco). Telco is a statutory authority established under the *Government Telecommunications Authority Act 1991*. Further information on Telco can be found in the DFS related entities and other reporting requirements section of this report.

Australian Centre for Advanced Computing and Communication Pty Ltd (ac3) was formerly treated as a subsidiary of Telco. In the reporting period all shares in ac3 came into the ownership of NSW Government, and managed by the Department.

Further information on Telco and ac3 can be found in the DFS related entities and other reporting requirements section of this report.

9.7 Employment and equal opportunity statistics

Department of Finance and Services Staff numbers

	At 30 June 2008 ¹	At 30 June 2009 ¹	At 30 June 2010 ¹	At 30 June 2011 ¹	At 30 June 2012 ¹
Archivist	33.61	32.31	29.1	32.54	32.56
Clerical Assistant	2	2	2	2	1
Clerical Officer	124.15	6.2	4	6	66.89
Clerk	3,071.70	3,253.05	2692.62	3867.64	4177.13
Conservator	2.82	2	2	2.9	1.8
Corporate Management	-	-	-	15.8	-
Departmental Officers	-	-	-	1085.8	904.47

	At 30 June 2008 ¹	At 30 June 2009 ¹	At 30 June 2010 ¹	At 30 June 2011 ¹	At 30 June 2012 ¹
Legal Officer	24.9	28.6	25.6	25.2	28.07
Professional	242.54	256.74	251.81	246.81	259.94
Project	2	2	2	2	4
Property Management	-	-	-	89	-
Senior Executive Service	51.6	33.9	31	57	62.66
Senior Management	41.6	23.6	25.6	22	39.8
Senior Officer	174.3	198	154.3	207.89	255.12
Technical	19.2	13.2	11.6	21.6	26.6
Wages	136	137	136	157	143
Other General Divisions	11.5	11.57	10.1	12.21	11.35
Total	3,937.92	4,000.17²	3,377.73	5,853.39³	6014.39⁴

Note 1: Full time equivalent staff (excludes chairpersons, casuals, contractor/agency staff, statutory appointments, trustees, council committee members, staff on secondment to other agencies and staff on long term leave without pay)

Note 2: 613 of total made up of NSW BusinessLink (included in the Department of Commerce till 30 June 2010)

Note 3: Total includes the staff transferred to the Department of Finance and Services in April 2011: Land and Property Information; Office of State Revenue; Metropolitan Water Directorate; Corporate and Shared Services Reform; State Property Authority; Waste Assets Management Corporation; Long Service Corporation

Note 4: 522 of total made up of NSW Land & Housing Corporation staff transferred to the Department of Finance and Services in October 2011

Senior Executive Service

Senior Executive Service positions by level	At 30 June 2009	At 30 June 2010	At 30 June 2011	At 30 June 2012
8	1	1	1	1
7	0	0	0	4
6	2	3	4	9
5	6	6	11	13
4	10	9	11	13
3	11	8	16	15
2	2	4	7	2
1	0	0	1	1
Total	32	31	51¹	58²
Positions filled by women	3	3	7	7
Unattached staff	0	0	0	0

Note 1: Total includes the staff transferred to the Department of Finance and Services in April 2011: Land and Property Information; Office of State Revenue; Metropolitan Water Directorate; Corporate and Shared Services Reform; State Property Authority; Waste Assets Management Corporation; Long Service Corporation.

Note 2: Total includes the NSW Land & Housing Corporation staff transferred to the Department of Finance and Services in July 2011

Equal Employment Opportunity (EEO) Statistics

Table A - Trends in the representation of EEO groups ¹

% of total staff ²						
EEO Group	Benchmark or Target	2008	2009	2010 ⁶	2011 ^{6,7}	2012 ⁸
Women	50%	45%	45%	42.1%	43.2%	45.2%
Aboriginal people and Torres Strait Islanders	2.6% ³	3%	2%	1.4%	1.4%	1.5%
People whose first language was not English	19%	25%	25%	23.4%	23.3%	23.0%
People with a disability	NA ⁴	9%	8%	5.8%	6.0%	5.4%
People with a disability requiring work-related adjustment ⁵	1.1% (2011) 1.3% (2012) 1.5% (2013)	3%	3%	2.2%	2.2%	2.0%

Table B – Trends in the distribution of EEO groups ⁹

Distribution Index ²						
EEO Group	Benchmark or Target	2008	2009	2010 ⁶	2011 ^{6,7}	2012 ⁸
Women	100	88	89	91	91	90
Aboriginal people and Torres Strait Islanders	100	76	78	88	89	89
People whose first language was not English	100	96	97	100	100	98
People with a disability	100	96	97	96	95	97
People with a disability requiring work-related adjustment	100	89	88	91	92	95

Information for the above tables is provided by the Workforce Profile Unit, Public Sector Workforce Branch, Department of Premier and Cabinet.

Note 1: EEO Statistics are based on staff numbers as at 21 June 2012

Note 2: Excludes casual staff

Note 3: Minimum target by 2015

Note 4: Per cent employment levels are reported but a benchmark level has not been set

Note 5: Minimum annual incremental target

Note 6: EEO Statistics for 2010 and 2011 have been adjusted to reflect the current composition of the Department, and may vary from those reported in previous Annual Reports

Note 7: This includes the staff transferred to the Department of Finance and Services in April 2011: Land and Property Information; Office of State Revenue; Metropolitan Water Directorate; Corporate and Shared Services Reform; State Property Authority; Waste Assets Management Corporation; Long Service Corporation

Note 8: This includes the NSW Land & Housing Corporation staff transferred to the Department of Finance and Services in July 2011

Note 9: A distribution index of 100 indicates that the centre of distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at the lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. An index more than 100 indicates that the EEO group is less concentrated at the lower salary levels.

Equal Employment Opportunity Initiatives

Recruitment advertisements included the following information.

The Department of Finance & Services is an EEO employer and welcomes applications from Aboriginal and Torres Strait Islander people, people from diverse cultures and people with a disability.

Women's Employment & Development Plan

Sponsorships were provided to senior women wanting to move in Senior Executive ranks for specific programs through Australian Institute of Company Directors.

Other programs

DFS participated in the Ready, Willing and Able Program, an initiative of Department of Family and Community Services, employing three people with a disability, awarding contracts worth \$762,000 to organisations employing people with a disability and employing one JumpSTART Cadet with a disability. This allowed DFS to successfully meet the targets. Aboriginal Cultural Awareness Programs organised for Managers and staff working with Aboriginal people (included on appendix 9.9).

Planned outcomes for 2012/2013

New Action Plans and Employment and Development strategies are being written for each of the four equity areas (Women, Aboriginal people, people with a disability and Multicultural people).

9.8 Disability action plan

DFS has actively participated in the Department of Premier and Cabinet's EmployABILITY program and the Department of Family and Community Services' Ready, Willing and Able program since their inception. The department entered into procurement contracts with organisations employing people with a disability worth \$720,000 (source: National Disability Services).

The Disability Action Plan 2010 - 2012 reinforces the department's commitment to creating an inclusive working environment for people with a disability by creating employment and career progression opportunities and improving access to services. Notable achievements include:

- Training for over 90 staff members and managers in:
 - Disability Awareness (NSW Ombudsmen)
 - Managing Psychiatric Disabilities in the Workplace (Anti-Discrimination Board)
 - Equal Employment Opportunity Recruitment and Employment Practices (Anti-Discrimination Board)
 - Auslan (Australian Sign Language) classes for staff members working with staff who are deaf
- Implementing an Inclusive Practices Framework at the Office of State Revenue supported by helpful resources for managers including Managers Guide: Disability in the Workplace and membership with the Australian Network on Disability (AND)
- Creating a more inclusive environment for hearing impaired staff through use of assistive technology, JobAccess and Auslan interpreters
- Celebrating the International Day of People with a Disability by holding a staff seminar featuring Nicholas Gleeson as the guest speaker. Nicholas Gleeson is a motivational speaker who talked about his experiences as a global adventurer and cricketer despite his loss of sight at the age of seven
- Supporting clients with mental illness, intellectual disability, cognitive impairment, people who are homeless, or face acute economic hardship, through Work Development Orders which assists payment of fines by non-monetary means

In 2012/13, the department will work towards implementing strategies to recruit staff with a disability with a specific focus on employment at senior levels rather than in entry level positions through the following programs:

- The Department of Premier and Cabinet's EmployABILITY program
- The Department of Community Services Ready, Willing and Able program

9.9 Employment relations policies and practices

DFS participated in a formal and informal program of consultation with unions and other stakeholders during 2011/12. During the year, seven formal organisation-wide consultative committee meetings were held. A similar number of local consultative forums were also convened in NSW Fair Trading, NSW Industrial Relations, State Records Authority and with Ministerial day labour staff employed in the Sydney Region, NSW Public Works.

In response to the activities relating to the department's internal implementation of the Corporate & Shared Services Reform program, a Reform Consultative Committee has been established to provide regular updates on the reforms within the department, their associated timelines and to address industrial issues as they arise as the changes are implemented. This committee met four times during 2011/12.

Of the significant number of issues and matters discussed as part of the formal consultative processes, only six formal disputes were referred to the NSW Industrial Relations Commission in 2011/12, all of which were resolved through conciliation. No matters were lodged by unions or staff members under the relevant award provisions, pursuant to the disputes avoidance clauses.

In March 2012, all of the department's Crown Awards were reviewed by the NSW Industrial Relations Commission in accordance with s19 of *the Industrial Relations Act 1996*.

No working days were lost to industrial activity during 2011/12.

Consultative programs and organisational wide initiatives

In 2011/12, a program was introduced to manage excess recreation leave balances (defined as greater than thirty days accumulated recreation leave). Employment Relations staff assisted managers to develop management plans to reduce the number of staff with excess recreation leave.

Based on the department's Savings Implementation Plan, a goal was set to ensure that by 30 June 2011 the majority of staff had accumulated recreation leave balances of 30 days or less. Over 85% of staff had reached this level by 30 June 2012.

From November 2011, a new arrangement for the provision of overnight accommodation for departmental staff travelling on official business was introduced. This arrangement allows for the department to pay the accommodation provider directly for staff travel rather than paying the daily (per diem) allowance. This will produce substantial saving in employee related expense in 2012/13.

Information programs in support of the NSW Government's Public Sector Wages Policy 2011 and the new Managing Excess Employees Policy 2011 were prepared and distributed to all staff.

Salaries, Wages and Allowances

There were no exceptional movements in wages, salaries or allowances during 2011/12.

Flexible Working Hours Agreement

The department's Flexible Working Hours Agreement was finalised by consent between the parties¹ on 2 November 2011. It is now a model agreement for the sector.

Note 1. The department's Flexible Working Hours Agreement does not apply to:

- Land & Property Information (LPI)
- Office of State Revenue (OSR)
- NSW Land and Housing Corporation (LAHC)
- State Property Authority (SPA)
- Waste Asset Management Corporate (WAMC)

Equity and diversity

The Department of Finance and Services is committed to enhancing the diversity of its staff through the inclusion of people of different ages, genders, ethnic/religious backgrounds and caring responsibilities, to ensure it is reflective of the broader diversity present in the NSW community.

Equity statistics as at 30 June 2012

- The representation of women was 42.5%, against the sector target of 50%
- The representation of Aboriginal and Torres Strait Islander employees was 1.5% of our workforce, against the sector target of 2.6% by 2015
- The representation of people with a disability requiring adjustment was 2.0%, against sector wide target of 1.5% by 2013
- The representation of people whose first language was not English was 23%, against the sector target of 19%

Young workers

Young workers at DFS are classified as those aged 35 years and under that can face age-related challenges in the workplace. To support this, the DFS has a Young Professionals Network (YPN) which was started in 2008 and now has over 325 members. The YPN is a state-wide initiative of the NSW Government that was created to address the issues faced by young workers and to combat the ageing workforce in the Public Sector. The benefits of the Network for members include addressing professional development needs and enhancing networking and collaboration.

The YPN sponsored a number of members who attended professional development courses and networking events including the IPAA CEO and Young Professionals Breakfast and the Let's Talk Forum presided by the Director-General.

The department participated in a variety of University Career Fair Days to attract quality graduates to a structured two-year Graduate Program. This program includes technical and soft skill development training as well as mentoring. The JumpSTART Cadetship program recruited 12 Cadets in 2011/12. Work experience opportunities are also regularly provided for students attending University and TAFE.

Mature workers

The department is focused on supporting mature workers through enhancing their career pathways. During 2011/12, ten mature workers and their partners were sponsored to attend a Career and Retirement Planning Seminar. As part of the Workforce Planning Strategy, additional career and retirement seminars are being organised in 2012/13.

Carers

The department encourages flexible work practices supporting staff to balance work and caring responsibilities. The department is accredited as a Breastfeeding Friendly Workplace by the Australian Breastfeeding Association. It also sponsors child care places at Nanbaree Child Care Centre, and coordinates the provision of managing work-life balance childcare and eldercare kits.

Women's employment and development plan

The Women's Employment and Development Plan 2009-2013 aims to attract, develop and retain women across all levels of the Department, a range of activities were undertaken:

- The department sponsored 15 women to participate in the mentoring program, My Mentor, which had senior departmental women present as guest speakers. Regional staff members also participated in this program through the use of technology such as teleconferencing and videoconferencing
- The department also sponsored places at key events including:
 - The Leadership Toolkit 2011 hosted by Women and Leadership Australia which was attended by four women
 - A regional woman was sponsored to attend the IPAA Regional Conference in Albury
 - Eleven women attended a career resilience program run by Explore for Success to assist in the development of career resiliency
 - The department was the official sponsor of the United Nations International Women's Day Breakfast where the Department hosted a table of ten women to attend
- Additionally, several events were organised across the department for International Women's Day. External facilitators and senior women spoke at these events facilitated discussions On the Gender equity in the Department took place to assist in the development of the Women's Employment and Development Plan 2013-2015

In 2012/13 the department will continue to develop the recruitment, development and retention strategies with particular emphasis on increasing the representation of women in Senior Executive Service (SES) level. A working group with representation from business units within the department is currently being formed to provide input for the next Women's Employment and Development Plan 2013-2015.

Aboriginal employment strategy

The Aboriginal Employment Strategy 2010-2013 focuses on increasing the representation of Aboriginal and Torres Strait Islander people in the department's workforce to 2.6% by 2015.

The department continued to attract staff members through the Elsa Dixon Employment Program and Apprenticeship program through targeted recruitment strategies.

A variety of professional development opportunities, career management and business skills courses were offered to Aboriginal staff. The department's key highlights include:

- Participation in Aboriginal cultural awareness and inclusiveness education courses conducted by the NSW Ombudsman. These courses were organised for managers across the Department. Two sessions were conducted at Wollongong, specifically for NSW Fair Trading staff
- The Office of State Revenue continued to participate in the Hunter Aboriginal Public Sector Network
- For on-going support the DFS Aboriginal Staff Network met three times in 2011/12. These meetings allowed Aboriginal employees across the state to come together to network with one another and the Executive team as well as providing them with an opportunity for professional development
- Recognition of NAIDOC and Reconciliation Week through a range of cultural events including a staff lunch featuring traditional Aboriginal tucker

- Sponsorship of five Aboriginal women to attend the Women Making a Difference dinner. The dinner showcased the inspirational stories and successful careers of four Aboriginal and Torres Strait Islander women, demonstrating Aboriginal role models

In 2012/13, the department will continue to implement strategies to increase recruitment and retention of Aboriginal staff by creating specific recruitment branding and promoting DFS as an Employer of Choice. The department will also investigate the possibility of participating in external networks, creating an Aboriginal Steering Committee to support Aboriginal staff and employment strategies and having an external sponsor on the committee.

9.10 Multicultural policies and services program plan

The Multicultural Policies and Services Program Plan 2010-2014 ensures that the DFS is compliant with the NSW Government's Multicultural Planning Framework by delivering services to external clients and staff from culturally and linguistically diverse (CALD) backgrounds. Notable achievements in 2011/12 from the following externally facing business units include:

- Across the DFS, over 90 staff members act as Language Aides providing assistance in 27 languages to people from non-English speaking backgrounds under the Community Language Allowance Scheme.

NSW Fair Trading

- Think Smart Program - focusing on building long-term relationships has 37 partners - 29 community organisations and eight multilingual media organisations
- Think Smart on Consumer Rights Seminar - to increase awareness of consumer protection issues and Fair Trading services
- Annual Multicultural Media Conference - a key event during Fair Trading Week was hosted by the Minister for Fair Trading. The Think Smart Multicultural Education Strategy 2012-15 was launched by the Minister at this Conference
- The Think Smart Multicultural Education Strategy 2012-15 - focuses on consumer rights and tenancy issues, and outlines ways in which Fair Trading can provide customised services to CALD people, especially refugees and humanitarian entrants
- Small business seminars for migrant traders - held in Mandarin and Cantonese in Surry Hills, Chatswood and Kogarah in collaboration with local councils
- Organised information stalls at Vietnamese Lunar New Year Festival, International Students Festival and AfriCulture Festival in Sydney with over 20,000 people in attendance
- Easy access to NSW Government services brochure - providing a single point of contact for the community to access a range of NSW Government services through Fair Trading centres
- Shopping and consumer guarantees brochure - explaining shopper's rights are available in print and online in Arabic, Chinese, Dinka, Farsi, Korean and Vietnamese. They have been distributed to Think Smart partners, Migrant Resource Centres, community organisations and service providers including state libraries
- Monthly contributions to Wai Wai Chinese magazine, an Australian local magazine for Chinese speaking communities including overseas students and new migrants
- Assistant Commissioner, Fair Trading, was interviewed on the Afghan radio program in relation to scam and buying unsolicited goods. Fair Trading bilingual staff participates in

radio programs to educate communities on consumer rights issues such as shopping rights, consumer guarantees and the *Australian Consumer Law*

- Fair Trading regularly attends Refugee Support Network and NSW Government Immigration and Settlement Planning Committee meetings. Fair Trading's Community Liaison Coordinators currently sit on four Community Relations Commission's Regional Advisory Councils in the Hunter, Hornsby Central Coast, New England, Central West and Northern areas

Office of State Revenue

- An Office of State Revenue senior staff member is one of the appointed 40 People of Australia Ambassadors - this role provides a link between local communities and the Australian Multicultural Council
- The Office of State Revenue website has fact sheets in five languages and contact details in 28 languages

NSW Industrial Relations

- NSW Industrial Relations conducted 17 Working in NSW presentations to CALD communities with a total audience of 411. Presentations outlined and explained the National Industrial Relations System and Employee Rights under the system. The focus of the presentations was on the ten National Employment Standards (NES), Modern Awards and educating participants on how and where to get assistance.
- NSW Industrial Relations added two informative captioned videos Fair Work for Employers and Fair Work for Workers in Arabic, Chinese and Vietnamese on their website. These videos are also available for download. The In another language section of the website recorded a 15% increase in visits compared to last year up from 6,100 to 7,286

Department of Finance and Services forward planning

In 2012/13, the following educational initiatives are planned:

- Production of Renting a Home DVD in 16 languages as part of the implementation of Think Smart Multicultural Education Strategy 2012-2015
- Think Smart Multicultural Media Conference will be held in November 2012
- Think Smart on Consumer Rights seminar for community workers and service providers on 16 August 2012 at Fairfield
- Conducting free small business seminars on 7 August 2012 targeting Filipino business traders and other traders from CALD backgrounds in Western Sydney in collaboration with Blacktown City Council and Philippines Australian Chamber of Commerce and Industry Inc

The Multicultural People, Employment and Development Strategy 2010-2014 aims to attract, develop and retain people from CALD backgrounds within the department. The objectives of the strategy are to support multicultural staff with professional development opportunities, provide networking opportunities, celebrate multiculturalism and address any employment and development issues. The strategy aligns with the Multicultural Policies and Services Program Plan (2010-2014). Notable achievements include:

- Celebration of Harmony Day at three locations to promote Everyone Belongs. The three-hour Cultural Intelligence Seminar organised at these locations helped enhance an inclusive environment and promote the message "Everyone Belongs"

- A range of staff development and mentoring programs were organised for staff and religious days of significance were promoted within the Office of State Revenue
- 12 women including women from regional areas participated in the mentoring program, My Mentor
- Customised professional development courses were also organised for the staff

In 2012/13, the department will aim to increase multicultural policy awareness in recruitment and selection and continue to assist multicultural people by enhancing professional development options, providing networking opportunities and celebrating Harmony Day.

9.11 Occupational health and safety

The department is committed to providing a healthy and safe workplace for all workers including contractors, agency staff and volunteers.

A number of initiatives were undertaken in 2011/12 with the aim of preventing injuries and illnesses from occurring and promoting a timely, sustainable and early return to work for injured workers. The department's highlights include:

- Implemented strategies to improve Work Health and Safety (WHS) performance in accordance with legal requirements and departmental needs. Established working parties to address required actions and targets and improve performance, including consultation with the Office of State Revenue (OSR), Land and Property Information (LPI) and Housing and Property Group (HPG) representatives to assist in the harmonisation process for:
 - Working Together Public Sector Workplace Health and Safety and Injury Management Strategy 2010–2012
 - Leading Well: The Role of Leadership in Improving the Prevention and Management of Psychological Injury.
- Promoted and facilitated communication and information exchange on Work Health and Safety (WHS) issues relevant to the Department with Workcover NSW by hosting bi-annual meetings involving senior management
- Completed the OHS Management System (OHSMS) self-assessment audits and action plans across the department
- Increased awareness of key requirements of the new *Work Health and Safety Act 2011* and *Work Health Safety Regulation 2011*. Consultation, information and training was conducted across the Department on priority WHS issues. Examples include:
 - Providing manual handling training for all first aid officers in Office of State (OSR), as well as comprehensive risk assessments in the OSR Maitland office to reduce the risk of overuse injuries
 - Running information sessions on eye-care designed for staff performing computer-based work
 - Conducting mental health awareness sessions for staff
- Aligned the Annual Corporate WHS Training Program to support new legislative requirements, including providing training on WHS consultation for existing Health and Safety Committees (HSC's) and new Health and Safety Representatives (HSR's). Train-the-trainer sessions for Health and Safety Committee (HSC) members were also held to assist them in providing guidance to staff in their business areas on conducting workstation self-assessments

- Implemented campaigns aimed at increasing awareness of the timely reporting and management of WHS and injury management issues including:
 - Monthly reporting to the Executive
 - The implementation of an online WHS portal for incident reporting and management in OSR.
 - The configuration of new online enterprise risk management software designed to increase reporting efficiencies across the Department. This will be rolled out in 2012/13
- Provided financial support to employees with special needs requiring adjustments to their workplace in order to perform their duties

Staff health and wellbeing initiatives

The following initiatives were conducted in support of the NSW Government's Healthy Workforce: Policy on Improving the Health and Wellbeing of all Public Sector Employees.

- The department's annual Flu Vaccination Program provided access to free on-site flu vaccinations aimed at minimising the risk of contracting the influenza virus. The Program was implemented in 31 locations throughout NSW and involved 2,178 participants across all divisions including contractors and external agencies working in the same premises
- The Global Corporate Challenge (GCC) was implemented for the fifth consecutive year. This corporate health and wellbeing program encourages sedentary workers to make behavioural changes to their lifestyle in order to improve their health and fitness and to reduce their risk of chronic disease. In 2012, a total of 791 persons participated in this program across all divisions
- A Spring Health Fair was conducted across OSR involving information sessions and mini health checks for workers of their blood sugar levels, cholesterol, body mass index and other health risk factors

Workers Compensation Claims

	2006/07	2007/08	2008/09	2009/10	2010/11 ²	2011/12 ²	2011/12	2011/12 ³	2011/12 ⁵
	No. of injuries resulting in claims ⁶						No of injuries resulting in lost time	Total time lost due to injuries (in days)	Average time lost per injury (in days)
NSW Fair Trading	53	47	37	48	50	35	19	303.01	15.95
NSW Industrial Relations	6	11	12	9	5	8	3	19.65	6.55
NSW Procurement	1	2	4	2	4	2	2	8	4
ServiceFirst	8	13	12	12	15	4	2	21.86	10.93
Former DSTA ¹	76	51	43	54	60	48	26	508.14	19.54
Office of State Revenue ⁴	-	-	-	-	32	41	30	473	15.8
Land and Property Information ⁴	-	-	-	-	43	35	25	284.5	8.13
Total	144	124	108	125	209	173	107	1,618.16	15.12

1. Former Department of Services, Technology and Administration (DSTA) includes all other divisions within the department not specifically itemised in this table. 2. Claim numbers may increase for late notification of injury. 3. Time lost data will continue to change as claims mature and data is updated by the Insurer with payment of wage reimbursement schedule. 4. Data for previous years not available. 5. Total 2011/12 average time lost per injury (in days) represents the average time lost per injury across the department. *Data source: SICorp Data Warehouse claims extract September 2012* 6. Injuries includes illnesses.

There were no prosecutions recorded in the reporting period.

9.12 Funds granted to non-government community organisations

NSW Fair Trading

NSW Fair Trading provides grants to not-for-profit organisations for the provision of community education, advice and advocacy services for tenants, retirement village residents, residential parks residents and consumers who need assistance to deal with personal financial difficulties. These grants promote the principles of access, equity and diversity. Other grants programs target the home building and property services industries. Under these programs, funds were provided to undertake research or training to enhance the professionalism of those industries and, in turn, enhance outcomes for their consumers.

Tenants Advice and Advocacy Program

In 2011/12, 22 community organisations were funded under the Tenants Advice and Advocacy Program² (TAAP) to provide advice and advocacy on tenancy matters, with 30,629 people assisted. Of these, 12% required assistance at the Consumer, Trader and Tenancy Tribunal.

Funding source: Rental Bond Board Interest (50%), Real Estate Statutory Interest (50%)

Funded organisation	Purpose	Funding
Tenants' Union of NSW Co-operative Limited	Tenants' Union of NSW	\$670,713.99
Tenants' Union of NSW Co-operative Limited	Residential Parks Solicitor	\$94,555.47
Tenants' Union of NSW Co-operative Limited	Aboriginal Legal Officer	\$137,400.04
Dtarawarra Pty Ltd	Aboriginal Resource Unit	\$166,202.61
Combined Pensioners & Superannuants Association of NSW Inc (CPSA)	Older Persons Tenants Service (OPTS)	\$210,823.17
Combined Pensioners & Superannuants Association of NSW Inc (CPSA)	Park and Village Service (PAVS)	\$220,630.63
Redfern Legal Centre	Inner Sydney Tenants Advice & Advocacy Service (ISTAAS)	\$279,551.66
Eastern Area Tenants Service Incorporated	Eastern Area Tenants Service Inc (EATS)	\$282,213.08
Marrickville Legal Centre	Inner West Tenants Advice and Advocacy Service	\$288,201.30
NorWest LINC'S Incorporated	Northern Area Tenants Service (NATS)	\$390,341.54
Metro Migrant Resource Centre Inc	Southern Sydney Tenants Advice & Advocacy Service (SSTAAS)	\$434,230.69
Macarthur Legal Centre	South West Sydney Tenants Advice and Advocacy Service (SWSTAAS)	\$354,160.76
NorWest LINC'S Incorporated	North Western Sydney Tenants Service (NWESTS)	\$272,042.56
Macquarie Legal Centre	Western Sydney Tenants Service (WESTS - Parramatta)	\$317,382.99
Elizabeth Evatt Community Legal Centre	Western Sydney Tenants Service (WESTS - Blue Mountains)	\$54,408.51
Central Coast Tenants Advice and Advocacy Service Inc	Central Coast Tenants Advice and Advocacy Service (CCTAAS)	\$276,224.89
Hunter Regional Neighbourhood Centre Forum Inc	Hunter Tenants Advice & Advocacy Service	\$397,923.51
Illawarra Legal Centre	Illawarra Tenants Service	\$315,594.46
Port Macquarie Neighbourhood Centre Inc	Mid Coast Tenants Advice and Advocacy Service	\$325,712.80
Northern Rivers Community Legal Centre Inc	Northern Rivers Tenants Advice and Advocacy Service (NORTAAS)	\$325,712.80

² Budget paper reference Tenancy Advice and Advocacy Program

Funded organisation	Purpose	Funding
Central West Community College	South Western NSW Tenants Service	\$855,311.63
New England and Western Tenants Advice and Advocacy Service Incorporated	New England and Western Tenants Advice and Advocacy Service (NEWTAAS)	\$512,994.34
Northern NSW Aboriginal Tenants Advice and Advocacy Service Inc	Northern NSW Aboriginal Tenants Advice and Advocacy Service (NATAAS)	\$529,872.85
(Auspiced – Dtarawarra Pty Ltd 1/7/11 – 30/9/11, CareWest Incorporated 1/10/11 – 30/6/12)	Western Aboriginal Tenants Advice and Advocacy Service (WATAAS)	\$515,745.76
Management and Advisory Services Aboriginal Corporation	Murra Mia Tenants Advice and Advocacy Service	\$465,113.04
Dtarawarra Pty Ltd	Greater Sydney Aboriginal Tenants Service (GSATS)	\$293,524.15
TAAP Special Purpose Fund	Unforeseen expenditure which is directly linked to the provision of services to tenants	\$145,277.90
TOTAL		\$9,131,867.15

Financial Counselling Services Program³

In 2011/12, the total number of new clients seeking financial counselling assistance totalled 38,320. There were also 138,888 follow ups conducted by the funded organisations during this period.

Funding source: Rental Bond Board Interest (53%), Financial Counselling Trust Fund (24%), Consolidated Funding (23%)

Funded organisation	Purpose	Funding
Anglicare North Coast	Anglicare North Coast - Coffs Harbour Service and Grafton Outreach Service	\$108,553.23
Anglicare Canberra and Goulburn	Anglicare South East Financial Counselling Service	\$41,623.55
C.A.R.E. Incorporated	Care Inc. Financial Counselling Service - Queanbeyan	\$68,846.76
Centacare Wilcannia-Forbes	Centacare Wilcannia - Forbes Financial Counselling Service	\$81,087.79
Centacare Wilcannia-Forbes	Manage Your Income Financial Counselling Service (Broken Hill)	\$44,789.22
Christian Community Aid Service Inc (CCA)	CCAS Financial Counselling Program	\$76,461.39
Consumer Credit Legal Centre (NSW) Inc	Consumer Credit Legal Centre - Hotline	\$357,657.55
Consumer Credit Legal Centre (NSW) Inc	Consumer Credit Legal Centre - Legal Service	\$191,029.54
Creating Links Co-operative Ltd	Creating Links Co-operative Financial Counselling Service	\$103,454.78
Eastlakes Family Support Service Inc	Eastlakes Family Support Financial Counselling	\$30,607.16

³ Budget paper reference Credit Counselling Grants Program

Funded organisation	Purpose	Funding
	Service	
Eurobodalla Family Support Service Inc	Eurobodalla Financial Counselling Service	\$56,601.85
Financial Counselling Hunter Valley Project Inc	Hunter Valley Project Financial Counselling Service	\$111,732.78
Financial Counselling Hunter Valley Project Inc	Hunter Valley Project NESB / CALD / ATSI Financial Counselling Service	\$28,542.46
Gosford City Community Information Service Ltd	Gosford / Wyong Financial Counselling Service	\$105,068.55
Granville Multicultural Community Centre Inc	Granville Financial Counselling Service	\$87,778.15
Illawarra Legal Centre Inc	Illawarra Legal Centre - Legal Service	\$37,095.04
Illawarra Legal Centre Inc	Illawarra Legal Centre - Financial Counselling Service	\$57,645.41
Jesmond Neighbourhood Centre Inc.	Jesmond Neighbourhood Centre Financial Counselling Service	\$78,280.91
Kempsey Neighbourhood Centre Inc	Kempsey Financial Counselling Service	\$125,572.94
Kempsey Neighbourhood Centre Inc	Kempsey Financial Counselling Service - Indigenous Outreach	\$44,789.22
Lifeline Broken Hill Inc	Far West Credit Counselling Service	\$111,162.61
Lifeline Central West Incorporated	Lifeline Central West Counselling Services	\$146,999.25
Lifeline Central West Incorporated	Lifeline Central West NESB / CALD / ATSI Financial Counselling Service	\$16,145.45
Lifeline Harbour to Hawkesbury Inc.	Lifeline Harbour to Hawkesbury Financial Counselling Service	\$96,934.33
Lismore & District Financial Counselling Service Inc	Lismore Financial Counselling Service and Mullumbimby / Byron Bay Outreach Service	\$155,627.52
Macarthur Legal Centre Inc	Macarthur Legal Centre Financial Counselling Service	\$45,337.24
Macarthur Legal Centre Inc	Macarthur Legal Centre NESB / CALD / ATSI Financial Counselling Service	\$44,789.22
Mission Australia	Mission Australia Financial Counselling Service - Campbelltown	\$100,755.78
Mission Australia	Mission Australia Creditworthy Wollongong	\$44,241.39
Mission Australia	Mission Australia Creditworthy Wollongong - (Dapto / Warilla)	\$44,460.64
Mission Australia	Mission Australia Creditworthy Wollongong (Moss Vale)	\$105,349.46
Mission Australia	Mission Australia Creditworthy Wollongong (Dapto, Bulli, Warilla & Moss Vale)	\$153,648.08
Mission Australia	Mission Australia Financial Counselling Service - Griffith	\$47,179.59

Funded organisation	Purpose	Funding
Mission Australia	Mission Australia Financial Counselling Service - Griffith (South Western NSW Outreach Service)	\$73,960.43
Mission Australia	Mission Australia Financial Counselling Service - Wagga Wagga	\$47,179.59
Mission Australia	Mission Australia - Wagga Wagga (Young, Harden, Boorowa & Bland)	\$73,960.43
Murwillumbah Community Support Centre Inc	Murwillumbah Financial Counselling Service	\$67,387.81
Redfern Legal Centre Ltd	Redfern Legal Centre Financial Counselling Service	\$172,181.74
San Remo Neighbourhood Centre Incorporated	San Remo Financial Counselling Service	\$102,946.39
The Salvation Army (NSW) Property Trust	Moneycare Financial Counselling Service - Campbelltown	\$40,944.74
The Salvation Army (NSW) Property Trust	Moneycare Financial Counselling Service - Lethbridge Park	\$45,539.80
The Salvation Army (NSW) Property Trust	Moneycare Financial Counselling Service - Campsie	\$49,472.57
The Salvation Army (NSW) Property Trust	Moneycare Financial Counselling Service - Campsie (Inner City Outreach - Surry Hills)	\$54,330.99
The Salvation Army (NSW) Property Trust	Moneycare Financial Counselling Service - Hurstville	\$43,109.52
The Salvation Army (NSW) Property Trust	Moneycare Financial Counselling Service - Parramatta	\$45,527.28
The Salvation Army (NSW) Property Trust	Moneycare Financial Counselling Service - Parramatta (Auburn Outreach)	\$47,267.52
The Salvation Army (NSW) Property Trust	Moneycare Financial Counselling Service - Parramatta (Penrith & Blacktown Outreach)	\$24,169.14
The Salvation Army (NSW) Property Trust	Moneycare Financial Counselling Service - Taree/Wingham	\$45,260.15
The Salvation Army (NSW) Property Trust	Moneycare Financial Counselling Service - Forster/Tuncurry	\$28,448.86
The Salvation Army (NSW) Property Trust	Moneycare Financial Counselling Service - North NSW Division, Inland Outreach Service	\$71,604.10
The Salvation Army (NSW) Property Trust	Moneycare NESB / CALD / ATSI Financial Counselling Service - Moree	\$44,789.22
The Salvation Army (NSW) Property Trust	Moneycare Financial Counselling Service - Goulburn	\$32,320.99
The Trustees of the Anglican Diocese of Armidale	Anglicare Northern Inland Financial Counselling Service	\$79,282.26
The Trustees of the Roman Catholic Church for the Diocese of Lismore	Centacare Port Macquarie Financial Counselling Service	\$44,241.39

Funded organisation	Purpose	Funding
The Trustees of the Society of St. Vincent de Paul (NSW)	St Vincent de Paul Broken Bay Financial Counselling Service	\$28,736.12
The Uniting Church in Australia Property Trust (NSW)	Lifeline South Coast Financial Counselling Service	\$76,429.38
The Uniting Church in Australia Property Trust (NSW)	Lifeline Financial Counselling Service - Newcastle & Hunter	\$115,668.27
The Uniting Church in Australia Property Trust (NSW)	Wesley Creditline Financial Counselling - Fairfield	\$90,248.05
The Uniting Church in Australia Property Trust (NSW)	Wesley Creditline Financial Counselling - Inner Sydney	\$229,954.23
The Uniting Church in Australia Property Trust (NSW)	Wesley Creditline Financial Counselling Service - Penrith (Includes Quakers Hill, Hawkesbury, Blacktown Outreach Services)	\$214,372.76
The Uniting Church in Australia Property Trust (NSW)	Wesley Creditline Financial Counselling - Sutherland / Hurstville Outreach Service	\$91,419.71
The Uniting Church in Australia Property Trust (NSW)	Wesley Creditline Financial Counselling - Newcastle/Hunter Outreach Service	\$94,094.40
The Uniting Church in Australia Property Trust (NSW)	Lifeline Western Sydney Financial Counselling Service	\$82,551.82
The Uniting Church in Australia Property Trust (Vic)	St David's Uniting Care Financial Counselling Service	\$96,402.86
Woodrising Neighbourhood Centre Inc	Lake Macquarie Financial and Gambling Counselling Service	\$90,936.18
Financial Counsellors Association of NSW (FCAN)	Financial Counsellors' Association of NSW - Indigenous Training Course	\$42,656.40
Financial Counsellors Association of NSW (FCAN)	State-Wide Financial Counsellor Training Program	\$106,641.00
Financial Counsellors Association of NSW (FCAN)	Executive Officer Position: "Manager - Administration"	\$143,965.35
CCP Special Purpose Fund	Unforeseen expenditure which is directly linked to the provision of financial counselling services	\$34,057.80
TOTAL		\$5,721,908.00

No Interest Loans Scheme

The No Interest Loans Scheme⁴ (NILS®) is a community-managed microcredit program developed by the Good Shepherd Youth and Family Services to provide interest free loans to low income earners for the purchase of essential household or medical goods and services such as washing machines and refrigerators, as well as medical or dental services. Fair Trading provides funding for administrative support and salary costs associated with the delivery of NILS. The total number of loans approved for 2011/12 was 7,109 with a total value of \$6,009,263.

⁴ Budget paper reference No Interest Loans Scheme Grants Program

Funding source: Rental Bond Board Interest (90%), FT Retained Revenue (10%)

Funded organisation	Purpose	Funding
Sydney Anglican Home Mission Society Council (t/as Anglicare Diocese of Sydney)	Anglicare Western Sydney NILS®	\$50,505.45
Barnardos Australia - Penrith Centre	Barnardos NILS®	\$31,565.91
Presentation Sisters Wagga	Macarthur NILS®	\$88,384.54
The Trustees of the Society of St Vincent de Paul (NSW)	St Vincent de Paul Northern Beaches NILS®	\$25,252.73
The Hills Community Aid and Information Service Inc	North West NILS®	\$31,565.91
The Hills Community Aid and Information Service Inc	North West NILS® - Riverstone Outreach	\$6,313.18
The Hills Community Aid and Information Service Inc	North West NILS® - Toongabbie Outreach	\$6,313.18
The Parks Community Network Inc.	Fairfield NILS®	\$44,192.27
Telopea Family Resources Incorporated	Telopea Family Resources NILS®	\$44,192.27
Break the Cycle No Interest Loans Scheme Inc.	Break The Cycle NILS®	\$25,252.73
Mount Annan Church Community Services	Mount Annan Church Community Services NILS®	\$12,626.36
St Marys Area Community Development Project Inc.	St Marys Area Community Development Project NILS®	\$37,879.09
Macarthur Diversity Services Initiative Ltd	Macarthur Diversity Services NILS®	\$37,879.09
Inspire Community Services Incorporated	Inspire NILS®	\$31,565.91
The Trustees of the Society of St Vincent de Paul (NSW)	NILS® Northern Sydney (St Ives)	\$18,939.54
Uniting Church in Australia	Jubilee Resources NILS®	\$37,879.09
Metro Migrant Resource Centre Inc	Metro Migrant Resource Centre NILS®	\$18,785.56
Marrickville Community Training Centre Inc	Marrickville NILS®	\$25,252.73
Hunter Region No Interest Loans Scheme Inc.	Hunter Region No Interest Loans Scheme	\$94,697.72
Manning Support Services Inc.	Manning NILS® (Taree, Great Lakes and Gloucester)	\$50,505.45
Trustees of the Society of St Vincent de Paul NSW (in association with the Sisters of St Joseph - Lochinvar)	Newcastle NILS®	\$12,626.36
Baptist Community Services NSW & ACT	BCS Food 4 Life NILS® - Newcastle	\$25,252.73
Forster Neighbourhood Centre	Great Lakes NILS®	\$25,252.73
Bellingen Neighbourhood Centre Inc.	The Bellingen Neighbourhood Centre NILS®	\$25,252.73
Kempsey Neighbourhood Centre Inc.	Macleay Valley NILS®	\$25,252.73
Manning Support Services Inc.	Hastings NILS®	\$37,879.09

Funded organisation	Purpose	Funding
Nambucca Valley Community Services Council Inc	Nambucca Valley NILS®	\$12,626.36
Anglicare Shoalhaven Community Care Services	Anglicare Shoalhaven NILS®	\$25,252.73
Baptist Community Services NSW & ACT	BCS Lifecare Services NILS® - Warilla	\$37,879.09
Port Kembla Community Project	Community Loan Scheme - Southern NILS® Program	\$63,131.81
Northern Illawarra Community Connection Inc	NICCI NILS®	\$37,879.09
Highlands Community Centres Inc.	Highlands Community Centre NILS®	\$44,192.27
Lismore Neighbourhood Centre Inc	Northern Rivers NILS®	\$63,131.81
Toukley Neighbourhood Centre Inc.	Wyong Shire NILS®	\$37,879.09
Winmalee Neighbourhood Centre Inc	Winmalee Neighbourhood Centre NILS®	\$18,939.54
Lower Mountains Neighbourhood Centre Inc.	Lower Mountains Neighbourhood Centre NILS®	\$12,626.36
Mid Mountains Neighbourhood Centre Inc.	Mid Mountains NILS®	\$18,939.54
Blackheath Area Neighbourhood Centre Inc.	Blackheath Area Neighbourhood Centre NILS®	\$37,879.09
Gosford City Community Information Service Ltd	Gosford City NILS®	\$37,879.09
Central Coast Emergency Accommodation Services Ltd (Coast Shelter)	Coast Shelter NILS®	\$31,565.91
Armidale Neighbourhood Centre Inc	Armidale Neighbourhood Centre NILS®	\$20,580.87
Anglicare Canberra and Goulburn	Eurobodalla NILS®	\$12,626.36
Anglicare Canberra and Goulburn	Anglicare South East NILS®	\$18,939.54
Anglicare Western NSW	Orange NILS®	\$44,192.27
Anglicare Western NSW	Orange NILS® - Forbes	\$25,252.73
Anglicare Western NSW	Orange NILS® - Mudgee / Kandos / Rylstone	\$31,565.91
The Josephite Foundation	Lithgow NILS®	\$25,252.73
The Josephite Foundation	Bathurst NILS®	\$31,565.91
The Josephite Foundation	Cowra NILS®	\$25,252.73
The Josephite Foundation	Young NILS®	\$25,252.73
Anglicare Western NSW	Orange NILS® - Gilgandra / Coonamble	\$25,252.73
Local Global Care - Dubbo	Riverside Lifehouse NILS® - Dubbo	\$50,505.45
Local Global Care - Dubbo	Riverside Lifehouse NILS® - Parkes	\$25,252.73
Local Global Care - Dubbo	Riverside Lifehouse NILS® - Narromine / Trangie	\$18,939.54
Wiradjuri Aboriginal Corporation	Wiradjuri NILS®	\$18,939.54
The Trustees of the Society of St Vincent de Paul (NSW)	St Vincent de Paul Society NILS® - Wagga Wagga	\$25,252.73
Albury Wodonga Community Network Inc	Albury NILS®	\$25,252.73

Funded organisation	Purpose	Funding
Baptist Community Services NSW & ACT	BCS NILS® - Broken Hill & Wilcannia	\$37,879.09
BCS NILS® - Sutherland	Baptist Community Services NSW & ACT	\$24,697.04
BCS NILS® - Moree Food 4 Life	Baptist Community Services NSW & ACT	\$12,348.52
Nambucca Valley Inc NILS® - Coffs Harbour Outreach	Nambucca Valley Community Services Council Inc	\$24,697.04
Salvos NILS - Inverell	The Salvation Army (NSW) Property Trust	\$16,464.69
Salvos NILS - Gunnedah & Tamworth	The Salvation Army (NSW) Property Trust	\$20,580.87
Winmalee Neighbourhood Centre Inc.	NSW NILS® State Coordinator	\$100,703.66
Winmalee Neighbourhood Centre Inc.	NSW NILS® 1800 Freecall Service - 1800 50 9994	\$80,569.80
NILS Special Purpose Fund	NILS Program Review	\$10,803.17
TOTAL		\$2,129,487.97

Aged Care Supported Accommodation Service

This program provides funding to non-profit organisations for the provision of information, community education, and advocacy services for residents in supported accommodation such as boarding houses, hostels, nursing homes and in particular people living in retirement villages.

Funding source: Rental Bond Board Interest (50%), Real Estate Statutory Interest (50%)

Funded organisation	Purpose	Funding
The Aged-Care Rights Service Inc	The Aged-Care Rights Service (TARS)	\$413,100.57
TOTAL		\$413,100.57

Home Building Advocacy Service 2011/12

This program provides funding for the provision of advice and assistance to consumers who are caught up in complex disputes with home building contractors.

Funding source: Home Building Retained Revenue (100%)

Funded Organisation	Purpose	Funding
Macquarie Legal Centre	Home Building Advocacy Service (HoBAS)	\$229,278.15
TOTAL		\$229,278.15

Building Contractors Advisory Service

Funding has been made available for the operation of a pilot service for the provision of a business management and insolvency advice via a confidential free-call telephone service.

Funding source: Home Building Retained Revenue (100%)

Funded Organisation	Purpose	Funding
CRS Warner Kugel	Pilot Building Contractor Advisory Service	\$40,000.00
TOTAL		\$40,000.00

Rental Bond Board Grants Program

This program provides annual funding or loans to organisations for the provision of residential rental accommodation, research and other activities into the relationship of landlords and tenants. It also provides for the establishment and administration of rental advisory services.

Funding source: Rental Bond Board Interest (100%)

Funded organisation	Purpose	Funding
Affiliated Residential Park Residents Association Incorporated	Residential Parks Act - Review	\$91,458.00
TOTAL		\$91,458.00

Home Building Grants Program

This program has provided funding for the provision of education and research projects relating to the home building industry and related trades as well as encouraging apprenticeships.

Funding source: Home Building Retained Revenue (34%), Consolidated Funding (66%)

Funded organisation	Purpose	Funding
Master Builders Association of NSW (MBA)	Aboriginal Apprenticeships on the Mid North Coast	\$50,000.00
MBA Newcastle Group Training Pty Ltd	Newcastle MBA Group Training & Personnel	\$50,000.00
Pointsbuild Pty Ltd	The NSW Home Building CPD Program : CPD courses in multiple languages	\$42,000.00
TOTAL		\$142,000.00

Property Services Grants Program

This program provided funding or loans to eligible organisations to provide or undertake education or research projects relating to the property services industry.

Funding source: Real Estate Statutory Interest (100%)

Funded organisation	Purpose	Funding
TAFE NSW - North Coast Institute	Development of Resources for Real Estate Agents which outline major changes to the Property Management Laws (PML) implemented 31-01-2011	\$14,750.00
TAFE NSW - North Coast Institute	Development of Practical Trust Account Resources for Real Estate Agents	\$32,750.00
ACFIPS Arts, Communications, Finance Industries and Property Services Ltd	NSW Property Services Support Line	\$50,000.00
Green Strata Incorporated	Green Strata Video Case Studies	\$35,000.00
Real Estate Institute of New South Wales Ltd	Strata Basics	\$24,000.00
The Owners Corporation Network of Australia Inc.	The OCN InfoBase	\$16,400.00
TAFE NSW - Northern Sydney Institute	Development of Online CPD Property Training	\$39,650.00
Australian Livestock and Property Agents Association Limited (ALPA)	ALPA New South Wales Professional Development & Education Program 2011-12	\$80,942.00
TOTAL		\$293,492.00

Cooperative Development Grants Program

This program made funding available for the conduct of research, provision of education and conduct of feasibility studies to assist in maintaining a viable and economical cooperative sector in New South Wales.

Funding source: Consolidated Funding (100%)

Funded organisation	Purpose	Funding
Cooperative Learning Ltd	Develop a strategic plan due to a significant increase in members (colleges) and to establish a robust and appropriate direction for further growth	\$1481.50*
TOTAL		\$1481.50

* Project not completed. Cooperative Learning Ltd advised Fair Trading that the cooperative could not complete the project.

Motor Vehicle Industry Grants Program

This program made funding available to eligible organisations for education, research and other programs or projects which assist in maintaining skilled tradespeople, improve industry standards and raise awareness and provide better protection for consumers in the motor vehicle industry.

Funding source: Motor Vehicle Repair Industry Authority (100%)

Funded organisation	Purpose	Funding
Automotive Training Board of NSW	Recognition of Skills in the Automotive Industry	\$55,750.00
Apprentices Plus Pty Ltd t/as MTA Apprenticeships Plus	Auto Industry Career Start	\$43,350.00
Strategic Community Assistance to Refugee Families	Getting and Keeping Wheels on the Road: Education for Refugees as First Car Buyers and Owners	\$900.00
TOTAL		\$100,000.00

9.13 Government Information (Public Access)

Access applications received during the year, including withdrawn applications but not including invalid applications totalled 219.

Access applications refused, either wholly or in part, because the application was for disclosure of information for which there is conclusive presumption of overriding public interest against disclosure totalled three.

Table A: Number of applications by type of applicant and outcome¹

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	17	2	1	0	0	0	0	4
Members of Parliament	0	1	1	1	1	0	0	0
Private sector business	8	0	0	2	0	0	0	0
Not for profit organisations or community groups	10	0	0	0	0	0	0	0
Members of the public (application by legal representative)	17	8	3	4	2	2	0	4
Members of the public (other)	52	43	2	7	9	1	1	16

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

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

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications ¹	26	6	1	2	2	0	1	3
Access applications (other than personal information applications)	57	19	4	7	5	0	0	10
Access applications that are partly personal information applications and partly other	21	28	1	5	5	3	0	10

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

Table C: Invalid applications

Reason for invalidity	No of applications
Application does not comply with formal requirements (section 41 of the Act)	7
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	7
Invalid applications that subsequently became valid applications	0

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

	Number of times consideration used ¹
Overriding secrecy laws	0
Cabinet information	1
Executive Council information	0
Contempt	0
Legal professional privilege	2
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

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

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

	Number of occasions when application not successful
Responsible and effective government	17
Law enforcement and security	9
Individual rights, judicial processes and natural justice	34
Business interests of agencies and other persons	16
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Table F: Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	193
Decided after 35 days (by agreement with applicant)	10
Not decided within time (deemed refusal)	2
Total	205

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

	Decision varied	Decision upheld	Total
Internal review	2	2	4
Review by Information Commissioner ¹	3	4	7
Internal review following Information Commissioner recommendation under section 93 of GIPA Act ²	0	1	1
Review by Administrative Decisions Tribunal	0	1	1
Total	5	8	13

1. The Information Commissioner does not have the authority to vary the decisions of agencies, but can make recommendations to the original decision-maker. The data reported indicates whether the Information Commissioner made a recommendation to vary, or to uphold, the original decision of the agency.

2. Two internal reviews following an OIC recommendation under section 93 were completed after 30 June 2012 and will be reported in the next reporting period.

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

	Number of applications for review
Applications by access applicants (non-personal information)	12
Applications by persons to whom information the subject of access application relates (see section 54 of the Act) ¹	1

1. In this matter, the information sought was a combination of the applicant's personal information plus non-personal information.

At the end of the reporting period, matters still in progress were two requests for access to information, one internal review and one Administrative Decisions Tribunal appeal still to be heard. The outcomes will be reported in the next reporting period.

9.14 Privacy management plan

The *Privacy and Personal Information Management Act 1998* at Part 3 provides for privacy codes of practice to protect the privacy of individuals and to regulate the collection, use and disclosure of, and the procedures for dealing with, personal information held by public sector agencies. A code of practice may also provide for disclosure of personal information to persons or bodies outside New South Wales.

During 2011/12, the DFS reviewed the Privacy Management Plans of its business centres. Due to the large amounts of personal information which they collect and manage, Fair Trading, Office of State Revenue (OSR), and State Records have previously developed and implemented their own plans. The DFS Privacy Management Plan continues from the former Department of Services Technology and Administration template, and it covered business centres which commenced within the Finance and Services cluster during the year, such as the Office of Finance.

The Privacy Management Plans of agencies within the Finance and Services cluster can be accessed via the www.services.nsw.gov.au internet site, which provides links to the home pages of agencies including OSR, Fair Trading and State Records.

9.15 Land disposal

The department did not dispose of any land during 2011/12.

9.16 Implementation of Price Determination

Land and Property Information has adhered to the Independent Pricing and Regulatory Tribunal of NSW (IPART) determination of pricing of \$4.79 per entry for residential land and \$10.51 per entry for non-residential land for Valuation Services that were charged to local councils in 2011/12. The IPART determination “price review of rating valuation services provided by the Valuer-General to local government” issued in July 2008 sets the formula for determination of prices charged to local councils through to 30 June 2014.

9.17 Principal legislation administered

Finance and Services Portfolio

The Minister for Finance and Services has joint administration of all Acts listed for the Minister for Fair Trading (which are not listed below), and the following Acts:

(Note: This is the legislation administered by the Department of Finance and Services and does not include legislation administered by the Compensation Authorities Staff Division or otherwise listed separately below).

- *Access to Neighbouring Land Act 2000* No 2
- *Annual Holidays Act 1944* No 31
- *Architects Act 2003* No 89
- *Betting Tax Act 2001* No 43
- *Border Railways Act 1922* No 16
- *Broken Hill Trades Hall Site Act of 1898* No 31
- *Building and Construction Industry Long Service Payments Act 1986* No 19
- *Building and Construction Industry Security of Payment Act 1999* No 46
- *Coal Industry (Industrial Matters) Act 1946* No 44
- *Commonwealth Places (Mirror Taxes Administration) Act 1998* No 100
- *Community Land Development Act 1989* No 201
- *Contract Cleaning Industry (Portable Long Service Leave Scheme) Act 2010* No 122
- *Contractors Debts Act 1997* No 110
- *Conveyancing Act 1919* No 6
- *Conveyancing and Law of Property Act 1898* No 17
- *Duties Act 1997* No 123
- *Employment Protection Act 1982* No 122
- *Encroachment of Buildings Act 1922* No 23

- *Entertainment Industry Act 1989 No 230*
- *Essential Services Act 1988 No 41* (except parts, the Premier)
- *Fines Act 1996 No 99* (except parts, the Attorney General)
- *First Home Owner Grant Act 2000 No 21*
- *Gaming Machine Tax Act 2001 No 72, Part 3* (remainder, jointly with the Minister for Tourism, Major Events, Hospitality and Racing, except Part 4 and Schedule 1, the Minister for Tourism, Major Events, Hospitality and Racing)
- *Geographical Names Act 1966 No 13*
- *Government Telecommunications Act 1991 No 77*
- *Hairdressers Act 2003 No 62*
- *Health Insurance Levies Act 1982 No 159*
- *HomeFund Restructuring Act 1993 No 112* (except parts, jointly the Minister for Finance and Services and the Minister for Fair Trading)
- *Housing Act 2001 No 52, section 6* (remainder, jointly with the Minister for Family and Community Services)
- *Industrial Relations Act 1996 No 17* (except parts, the Attorney General)
- *Industrial Relations Advisory Council Act 2010 No 76*
- *Industrial Relations (Child Employment) Act 2006 No 96*
- *Industrial Relations (Commonwealth Powers) Act 2009 No 115*
- *Industrial Relations (Ethical Clothing Trades) Act 2001 No 128*
- *Insurance Protection Tax Act 2001 No 40*
- *Land Acquisition (Charitable Institutions) Act 1946 No 55*
- *Land Acquisition (Just Terms Compensation) Act 1991 No 22*
- *Land Sales Act 1964 No 12*
- *Land Tax Act 1956 No 27*
- *Land Tax Management Act 1956 No 26*
- *Loan Fund Companies Act 1976 No 94*
- *Long Service Corporation Act 2010 No 123*
- *Long Service Leave Act 1955 No 38*
- *Long Service Leave (Metalliferous Mining Industry) Act 1963 No 48*
- *National Broadband Network Co-ordinator Act 2010 No 111*
- *Partnership Act 1892 55 Vic No 12* in so far as it relates to the functions of the Registrar of the register of limited partnerships and incorporated limited partnerships and to the setting of fees to be charged for maintaining that register, jointly with the Attorney General and the Minister for Fair Trading (remainder, the Attorney General)
- *Payroll Tax Act 2007 No 21*
- *Payroll Tax Rebate Scheme (Disability Employment) Act 2011 No 54*

- *Payroll Tax Rebate Scheme (Jobs Action Plan) Act 2011* No 19
- *Perpetuities Act 1984* No 43
- *Personal Property Securities (Commonwealth Powers) Act 2009* No 35, Division 2 of Part 2 of Schedule 1 and clause 24 of Schedule 1, jointly with the Attorney General and the Minister for Fair Trading (remainder, the Attorney General)
- *Powers of Attorney Act 2003* No 53
- *Public Holidays Act 2010* No 155
- *Public Sector Employment and Management Act 2002* No 43, Chapter 6, jointly with the Premier, and Chapter 7 (remainder, the Premier)
- *Public Works Act 1912* No 45 (except section 34 (3) and (4), the Minister for Primary Industries)
- *Real Property Act 1900* No 25
- *Regional Relocation (Home Buyers Grant) Act 2011* No 26
- *Retail Trading Act 2008* No 49
- *State Property Authority Act 2006* No 40
- *State Records Act 1998* No 17
- *Strata Schemes (Freehold Development) Act 1973* No 68
- *Strata Schemes (Leasehold Development) Act 1986* No 219
- *Surveying and Spatial Information Act 2002* No 83
- *Taxation Administration Act 1996* No 97
- *Teacher Housing Authority Act 1975* No 27
- *The Standard Insurance Company Limited and Certain Other Insurance Companies Act 1963* No 18
- *Transfer of Records Act 1923* No 14
- *Unclaimed Money Act 1995* No 75
- *Valuation of Land Act 1916* No 2
- *Voluntary Workers (Soldiers' Holdings) Act 1917* No 25

The Office of State Revenue also collects revenue under the *Parking Space Levy Act 2009* for the NSW Ministry of Transport and the Community Development Levy under the *Aboriginal Land Rights Act 1983*. The State Debt Recovery Officer administers fines and collects revenue under various legislation including *Road Transport (General) Act 2005* for Crown and commercial clients.

Fair Trading Portfolio Legislation

The Minister for Fair Trading has joint administration of the following Acts with the Minister for Finance and Services:

- *Agricultural Tenancies Act 1990* No 64
- *Associations Incorporation Act 2009* No 7
- *Business Names (Commonwealth Powers) Act 2011* No 44
- *Community Land Management Act 1989* No 202

- *Consumer Claims Act 1998* No 162
- *Consumer, Trader and Tenancy Tribunal Act 2001* No 82
- *Contracts Review Act 1980* No 16
- *Conveyancers Licensing Act 2003* No 3
- *Co-operative Housing and Starr-Bowkett Societies Act 1998* No 11
- *Co-operatives Act 1992* No 18
- *Co-operatives (Adoption of National Law) Act 2012* No 29
- *Credit (Commonwealth Powers) Act 2010* No 6
- *Electricity (Consumer Safety) Act 2004* No 4
- *Fair Trading Act 1987* No 68
- *Fitness Services (Pre-paid Fees) Act 2000* No 95
- *Funeral Funds Act 1979* No 106
- *Gas Supply Act 1996* No 38, section 83A (remainder, the Minister for Resources and Energy)
- *Holiday Parks (Long-term Casual Occupation) Act 2002* No 88
- *Home Building Act 1989* No 147 (except parts, the Treasurer)
- *HomeFund Commissioner Act 1993* No 9
- *HomeFund Restructuring Act 1993* No 112, sections 14, 15, 16 and Schedule 2 (remainder, the Minister for Finance and Services)
- *Landlord and Tenant Act 1899* No 18
- *Landlord and Tenant (Amendment) Act 1948* No 25
- *Motor Dealers Act 1974* No 52
- *Motor Vehicle Repairs Act 1980* No 71
- *Occupational Licensing (Adoption of National Law) Act 2010* No 100 and the Occupational Licensing National Law (NSW)
- *Partnership Act 1892* 55 Vic No 12 in so far as it relates to the functions of the Registrar of the register of limited partnerships and incorporated limited partnerships and to the setting of fees to be charged for maintaining that register, jointly with the Attorney General and the Minister for Finance and Services (remainder, the Attorney General)
- *Pawnbrokers and Second-hand Dealers Act 1996* No 13
- *Personal Property Securities (Commonwealth Powers) Act 2009* No 35, Division 2 of Part 2 of Schedule 1 and clause 24 of Schedule 1, jointly with the Attorney General and the Minister for Finance and Services (remainder, the Attorney General)
- *Plumbing and Drainage Act 2011* No 59
- *Prices Regulation Act 1948* No 26
- *Property, Stock and Business Agents Act 2002* No 66
- *Residential Parks Act 1998* No 142
- *Residential Tenancies Act 2010* No 42

- *Retirement Villages Act 1999* No 81
- *Strata Schemes Management Act 1996* No 138
- *Tattoo Parlours Act 2012* No 32 (jointly with the Minister for Police and Emergency Services)
- *Trade Measurement (Repeal) Act 2009* No 108
- *Travel Agents Act 1986* No 5
- *Valuers Act 2003* No 4
- *Warehousemen's Liens Act 1935* No 19

Legislation administered by the Minister for Finance and Services jointly with the Minister for Family and Community Services

- *Aboriginal Housing Act 1998* No 47 (jointly with the Minister for Family and Community Services)
- *Housing Act 2001* No 52, (except section 6 – Minister for Finance and Services) (Note: separately listed under Finance and Services)

Acts within the portfolio of the Minister for Finance and Services which are administered by the Department of Finance and Services with support from Treasury

- *Coal and Oil Shale Mine Workers (Superannuation) Act 1941* No 45
- *First State Superannuation Act 1992* No 100
- *Local Government and Other Authorities (Superannuation) Act 1927* No 35
- *New South Wales Retirement Benefits Act 1972* No 70
- *Parliamentary Contributory Superannuation Act 1971* No 53
- *Police Association Employees (Superannuation) Act 1969* No 33
- *Police Regulation (Superannuation) Act 1906* No 28
- *Public Authorities Superannuation Act 1985* No 41
- *State Authorities Non-contributory Superannuation Act 1987* No 212
- *State Authorities Superannuation Act 1987* No 211
- *State Public Service Superannuation Act 1985* No 45
- *Superannuation Act 1916* No 28
- *Superannuation Administration Authority Corporatisation Act 1999* No 5
- *Superannuation Administration Act 1996* No 39
- *Superannuation (Axiom Funds Management Corporation) Act 1996* No 40
- *Transport Employees Retirement Benefits Act 1967* No 96

Acts within the portfolio of the Minister for Finance and Services for which the Department of Finance and Services provides support

- *Hunter Water Act 1991* No 53
- *Sydney Water Act 1994* No 88

- *Water Efficiency Labelling and Standards (New South Wales) Act 2005* No 12
- *Water Industry Competition Act 2006* No 104 (except Part 3, the Premier)
- *Water Management Act 2000* No 92, Part 2 of Chapter 6 (in so far as that Part relates to the Upper Parramatta River Catchment Trust and the Sydney Olympic Park Authority), and any other provisions of that Act so far as they relate to those water supply authorities (remainder, the Minister for Primary Industries)

9.18 Legislative change

Finance and Services Portfolio

***Industrial Relations Amendment (Non-operative Awards) Act 2011* No. 68**

This Act amended the *Industrial Relations Act 1996* to enable the Industrial Relations Commission (the Commission) to rescind awards that have no current application to any employer or employee, and to provide that all awards declared to be non-operative awards under that Act are taken to have been rescinded by the Commission : Date of assent and commencement 28 November 2011.

***Industrial Relations Amendment (Industrial Organisations) Act 2012* No. 27**

This Act amended the *Industrial Relations Act 1996* with respect to the appointment of administrators of State industrial organisations and to provide for the investigation and prosecution of misconduct offences by officers of those organisations : Date of Assent and commencement 11 May 2012.

Annual Holidays Regulation 2011

This Regulation remakes, with minor amendments, the provisions of the *Annual Holidays Regulation 2005*, which was repealed on 1 September 2011 by section 10(2) of the *Subordinate Legislation Act 1989*.

The *Annual Holidays Act 1944* provides that bonuses form part of the ordinary pay of a worker for the purposes of payment of annual leave unless the ordinary annual pay of the worker (excluding bonuses) exceeds an annual amount prescribed by the Regulations. The Regulation prescribes the annual amount at \$144,000 (being the same amount that was prescribed under the *Annual Holiday Regulation 2005* immediately before its repeal). The Regulation commenced on 1 September 2011.

Building and Construction Industry Long Service Payments Regulation 2011

This Regulation remakes, with minor amendments, the provisions of the *Building and Construction Industry Long Service Payments Regulation 2006* which was repealed on 1 September 2011 by section 10(2) of the *Subordinate Legislation Act 1989*. The Regulation commenced on 1 September 2011.

Industrial Relations (General) Amendment (Fees) Regulation 2011

This Regulation amends Schedule 1 of the *Industrial Relations (General) Regulation 2001* to increase certain fees charged by the Industrial Relations Commission. The Regulation also amends the Schedule to introduce new fees relating to public sector appeals, and appeals from decisions made under the *Transport Appeal Boards Act 1980*, to the Full Bench of the Industrial Court. The Regulation commenced on 15 July 2011.

Long Service Leave Regulation 2011

This Regulation remakes, with minor amendments, the provisions of the *Long Service Leave Regulation 2005* which was repealed on 1 September 2011 by section 10(2) of the *Subordinate Legislation Act 1989*.

The *Long Service Leave Act 1955* provides that bonuses form part of the ordinary pay of a worker for the purposes of payment of long service leave unless the ordinary annual pay of the worker (excluding bonuses) exceeds an annual amount prescribed by the Regulations. The Regulation prescribes the annual amount at \$144,000 (being the same amount that was prescribed under the *Long Service Leave Regulation 2005* immediately before its repeal). The Regulation commenced on 1 September 2011.

Long Service Leave (Metalliferous Mining Industry) Regulation 2011

This Regulation remakes, with minor amendments, the provisions of the *Long Service Leave (Metalliferous Mining Industry) Regulation 2005* which was repealed on 1 September 2011 by section 10(2) of the *Subordinate Legislation Act 1989*.

The *Long Service Leave (Metalliferous Mining Industry) Act 1963* provides that bonuses form part of the annual pay of a worker for the purposes of payment of long service leave unless the ordinary pay of the worker (excluding bonuses) exceeds an annual amount prescribed by the Regulations. The Regulation prescribes the annual amount at \$144,000 (being the same amount that was prescribed under the *Long Service Leave (Metalliferous Mining Industry) Regulation 2005* immediately before its repeal). The Regulation commenced 1 September 2011.

State Revenue Legislation Amendment Act 2011 No. 50

The Act makes changes to two Acts administered by the Office of State Revenue. The objects of the Act are to:

1. amend the *Duties Act 1997*
 - a) to extend the duty concession for transfers of property, and to provide for a new concession, in connection with persons changing superannuation funds
 - b) to provide for an exemption from duty in relation to special disability trusts under the *Veterans' Entitlements Act 1986* of the Commonwealth
 - c) for law revision purposes
2. amend the *First Home Owner Grant Act 2000* to make further provision in relation to the recovery of certain amounts required to be paid under that Act

Date of assent and commencement: 25 October 2011.

Duties Amendment (First Home-New Home) Act 2011 No. 43

The object of the Act is to amend the *Duties Act 1997* to:

1. remove the duty concessions and exemptions available to first home buyers of existing homes (other than substantially renovated homes) under the First Home Plus scheme, and
2. repeal certain obsolete provisions relating to duty discounts, the NSW Housing Construction Acceleration Plan and the Flood-prone housing scheme.

Date of assent: 20 September 2011. Date of commencement: 1 January 2012.

State Revenue Legislation Amendment Act 2012 No. 20

The Act makes changes to three Acts administered by the Office of State Revenue. The objects of the Act are to:

1. amend the *Duties Act 1997* to:
 - a) limit a duty concession that applies in respect of transfers to self managed superannuation funds
 - b) limit a duty concession relating to deceased estates

- c) establish a duty concession for transfers that are made in partial conformity with agreements that have already been charged with duty
 - d) extend existing duty concessions relating to transfers between married couples and de facto partners and transfers following the breakup of marriages and de facto relationships
 - e) provide for further circumstances in which the acquisition of an interest in a private unit trust scheme or private company will be chargeable with duty
 - f) establish a new exemption for corporate reconstruction and corporate consolidation transactions
 - g) provide for further circumstances in which a transfer of business property between family members is exempt from duty
 - h) provide a duty exemption in respect of any Government initiative relating to the Sydney Desalination Plant
 - i) make other minor and consequential amendments
2. amend the *Land Tax Management Act 1956* to:
- a) ensure that the tax free threshold can be claimed in respect of land held by self managed superannuation funds that are complying superannuation funds under Commonwealth legislation
 - b) enable a special disability trust under the *Veterans' Entitlements Act 1986* of the Commonwealth to be treated as a concessional trust for land tax purposes
3. amend the *Payroll Tax Act 2007* to clarify an exemption from payroll tax for wages paid or payable in respect of maternity leave, paternity leave or adoption leave

Date of assent: 11 April 2012. Date of commencement, Schs 1 [17],[18] and [22] are excepted – 11 April 2012. Date of commencement of Schs 1 [17],[18] and [22] and Sch 3 – 1 July 2012.

Road Transport Legislation Amendment (Offender Nomination) Act 2012 No. 17

The object of the Act includes, among other things, to make an amendment to section 38 of the *Fines Act 1996* in relation to the use of statutory declarations in relation to more than one camera recorded offence.

Date of assent: 11 April 2012. Date of commencement, Schs 1 [3], 2.1 and 2.2 excepted – 11 April 2012. Date of commencement of Schs 1 [3], 2.1 and 2.2 – 1 July 2012.

State Revenue and Other Legislation Amendment (Budget Measures) Act 2012 No. 46

The Act makes changes to two Acts administered by the Office of State Revenue. The objects of the Act are to include, among other things, to:

- 1. amend the *Duties Act 1997* to:
 - a) introduce a New Home Grant from 1 July 2012 (which will provide a \$5,000 grant to non-first home buyers of newly constructed homes valued up to \$650,000, or vacant land that is intended to be the site of a new home valued up to \$450,000)
 - b) increase the level at which the duty exemption/concession under the scheme starts to phase out from \$500,000 to \$550,000 (in the case of a purchase of land with a private dwelling on it) and from \$300,000 to \$350,000 (in the case of a purchase of vacant land)
 - c) defer until 1 July 2013 the abolition of marketable securities duty, mortgage duty and transfer duty on non-land business assets, among other things

2. amend the *First Home Owners Grant Act 2000* to:
 - a) limit the operation of the first home owner grant scheme, from 1 October 2012 to new homes
 - b) increase the amount of the first home owner grant payable for new homes, on and from 1 October 2012 to \$15,000. From 1 January 2014 the grant will be \$10,000. The amendments lower the cap on the first home owner grant to homes with a value of \$650,000 (from \$835,000)

Date of assent: 25 June 2012. Date of commencement, Schs 1-6 and 7[2] excepted - 25 June 2012. Date of comment (of provisions relating to the amendments mentioned above): Sch 1.1 [1] and [2] – 30 June 2012; Sch 1.1 [3]-[9], Sch 1.2 and Sch 1.3 – 1 July 2012; Sch 2 - 1 October 2012.

Real Property Amendment (Public Lands) Act 2012 No.6

Part 3 of the *Real Property Act 1900* enables certain Crown land to be converted to Torrens title. Previously, the categories of Crown land that could be converted to Torrens title excluded land in a state forest or national park. The *Real Property Act 1900* was amended in March 2012 to enable state forest and national park land to be brought under the provisions of the *Real Property Act 1900*. Land and Property Information will commence conversion of these parcels of land in July 2012.

Date of assent and commencement: 14 March 2012.

Real Property Amendment Regulation 2011

This regulation amended the *Real Property Regulation 2008*. New obligations on witnesses to *Real Property Act 1900* dealings and on mortgagees such as banks, credit unions and private lenders came into effect on 1 November 2011 with the commencement of the *Real Property Amendment Regulation 2011*. The aim of the new obligations is to reduce the risk of fraud in conveyancing transactions. They will be reviewed to align with identity verification requirements under National Electronic Conveyancing once those standards have been agreed. The *Real Property Amendment Regulation 2011* commenced on 1 November 2011.

Powers of Attorney Regulation 2011

The *Powers of Attorney Regulation 2011* remade on 1 September 2011 the provisions of the former Regulation with minor amendments as part of the regulatory review process under the *Subordinate Legislation Act 1989*. The regulation prescribes the class of persons able to certify a Power of Attorney.

Public Sector Employment and Management Amendment (Procurement of Goods and Services) Act 2012 No. 43

The object of this Act is to establish a new scheme for the procurement of goods and services by and for government agencies in New South Wales. The Act abolishes the State Contracts Control Board and establishes the NSW Procurement Board. The role of the Board is to oversee procurement across all government agencies, setting policy and ensuring compliance.

The new scheme applies to the procurement of goods and services by and for government agencies, including goods and services required by government agencies to exercise statutory functions, and also procurement carried out pursuant to statutory powers of procurement. Under the new scheme, a government agency will be able to procure goods and services for the agency or for other agencies and all such procurement is to be undertaken in accordance with any policies and directions of the NSW Procurement Board that apply to the agency, the terms of its accreditation (if any) by the Board, and the principles of probity and fairness. Date of assent 22 June 2012, and commencement 1 July 2012.

Public Sector Employment and Management Amendment (Procurement of Goods and Services) Regulation 2012

The object of this regulation was to make transitional arrangements for the procurement of goods and services by government agencies, consequent on the commencement of the *Public Sector Employment and Management Amendment (Procurement of Goods and Services) Act 2012* on 1 July 2012. The regulation was required in order to make provision for certain matters until 1 September 2012 until such time as the NSW Procurement Board established necessary systems, including arrangements for accreditation of agencies and the issuing of appropriate directions. Date of commencement of the Regulation: 1 July 2012.

Water Industry Competition Amendment Act 2011 No.66

This Act made miscellaneous amendments to the *Water Industry Competition Act 2006* and *Water Industry Competition (General) Regulation 2008* among other legislative amendments. Briefly, among other things, the objects of the Act included making amendments to the *Water Industry Competition Act 2006* in relation to licensing provisions, powers of entry and other matters. Date of assent: 28 November 2011. Date of commencement, Sch 1 [24]–[26] excepted, 30 January 2012. Date of commencement of Sch 1 [24]–[26] 28 November 2011.

New Acts

Payroll Tax Rebate Scheme (Disability Employment) Act 2011 No. 54

The object of this Act is to establish a payroll tax rebate scheme to encourage the employment of people with disabilities.

The rebate scheme provides for a rebate (up to a maximum of \$4,000) in respect of the employment of a disabled person on or after 1 January 2012 and before 1 July 2016.

Date of assent and commencement: 25 October 2011.

Fair Trading Portfolio

Agricultural tenancies

The *Agricultural Tenancies Act 1990* sets out the rights and responsibilities of landowners, tenants and sharefarmers in relation to agricultural tenancies, and provides for resolution of disputes. On 2 June 2011, the *Agricultural Tenancies Act 1990* was reallocated from the administration of the Minister for Primary Industries to the administration of the Minister for Fair Trading jointly with the Minister for Finance and Services. Following the reallocation, the *Agricultural Tenancies Act 1990* was amended by the *Agricultural Tenancies Amendment Act 2012* to give the Consumer, Trader and Tenancy Tribunal jurisdiction for agricultural tenancy disputes. The Tribunal's dispute resolution service for agricultural tenancies commenced on 1 August 2012. The new dispute resolution arrangements also allowed for the streamlining of the *Agricultural Tenancies Act 1990* and the repeal of the *Agricultural Tenancies Regulation 2006*, which became redundant. This contributed to the Government's commitment to ongoing regulatory reduction.

Co-operatives National Law

Fair Trading is continuing in its role of leading the reform of co-operatives legislation, by working with the other States and Territories to introduce the new *Co-operatives National Law (CNL)*. Drafting of the CNL was completed during 2011 and its key reforms include the development of the national uniform template legislation; automatic mutual recognition to assist co-operatives carrying on business across jurisdictional borders; simplification of financial reporting and auditing requirements for small co-operatives; and updating of the interface between co-operatives and corporations laws.

By February 2012, the *Australian Uniform Co-operatives Laws Agreement 2012* that provides for the new CNL regulatory scheme had been signed by all States and Territories. The NSW Government then arranged the passage of the CNL legislation through its Parliament by 9 May 2012. On 18 May

2012, that legislation received assent as the *Co-operatives (Adoption of National Law) Act 2012 (NSW)*. Other jurisdictions are now able to adopt the CNL template or alternative consistent legislation. Fair Trading, as chair of the inter-jurisdictional working party of officials, is working on developing the National Regulations that will support the CNL and its introduction.

Home building

Home Building Amendment Act 2011 No.52

The *Home Building Amendment Act 2011* was passed by the NSW Parliament on 19 October 2011 in order to remove unnecessary red tape, provide a stimulus to the home building industry while maintaining appropriate consumer protections, and to address other urgent issues. The first tranche of amendments commenced on 25 October 2011, with the second tranche commencing on 1 February 2012. There was a six month transitional period for the amendments to the home warranty insurance claim requirements, to allow homeowners to lodge claims in accordance with the new requirements. The transitional period ended on 25 April 2012.

The first tranche of amendments were primarily to the time periods and requirements for lodging home warranty insurance claims and were made in order to ensure that the legislation reflected the intent of the scheme. In addition a definition for 'completion' of home building work was introduced, the definition of 'developer' was refined and statutory warranty claims were expressly excluded from the operation of the proportionate liability provisions of the *NSW Civil Liability Act 2002*.

The second tranche of amendments applied to all new contracts entered into after 1 February 2012. The statutory warranty period was changed to two years for non-structural defects and six years for structural defects from completion of the work, with a further six months if the defect became apparent in the last six months of the warranty period. The threshold for requiring home warranty insurance was raised to \$20,000 and the minimum insured amount increased to \$340,000. A new small works contract was introduced for building work valued between \$1,000 and \$5,000 and the definition of what was a related entity to a builder or developer was amended.

This was a first and vital step in reforming the *Home Building Act 1989*, with the NSW Government committing to undertake a broad and comprehensive review of the Act during 2012.

Plumbing

Plumbing and Drainage Act 2011 No. 59

On 9 November 2011, the NSW Parliament passed the *Plumbing and Drainage Act 2011*, which transfers responsibility for the regulation of onsite plumbing and drainage work from water utilities and local councils to NSW Fair Trading and requires compliance with prescribed standards for plumbing and drainage.

The *Plumbing and Drainage Regulation 2012* prescribes those standards and provide for matters of an administrative and procedural nature, providing support for the operation of the Act to enable the objects of the Act to be achieved. The new legislative framework will be introduced in two phases, the Act and Regulation commencing on 1 July 2012 with the following effect:

- The Plumbing Code of Australia will commence as the new technical standard across all of New South Wales
- NSW Fair Trading will become the plumbing regulator in areas that, immediately before commencement, were within the areas of operations of the Sydney Water Corporation, Hunter Water Corporation, and other licensed utility operators under the *Water Industry Competition Act 2006*

Part 2, Division 1 of the Act will also commence across NSW, requiring plumbing and drainage work:

- To be carried out only by authorised persons
- To comply with the Plumbing Code of Australia

- To use only authorised ('WaterMark') fittings

From 1 January 2013, the other requirements of the Act and Regulation will commence in the remainder of NSW. NSW Fair Trading will become the single regulator across NSW, although certain functions will be delegated back to local councils, where appropriate.

Residential parks

The NSW Government gave an election commitment to improve the governance of residential parks and review the *Residential Parks Act 1998*. The first step to carrying out this commitment was the passing of legislation in September 2011 (*the Residential Parks Amendment (Register) Act 2011*) that established a register of all residential parks in New South Wales.

The register went live on the NSW Fair Trading website in March 2012 and contains the contact details of 481 residential parks across NSW. Prospective residents who are looking to move into a residential park can search the register by the name of a park, or by the suburb, postcode or local government area. They can find the name, address and phone number for a park on the register, as well as a link to the park's website, if it has one.

The next step was the release of the discussion paper 'Improving the governance of residential parks' in November 2011 for four months of public consultation. Over 870 submissions and correspondence were received. The Government also had some useful discussions with residents, owners, operators, and representative groups to explore some of the key issues in more depth. An analysis has been carried out and options for change are being assessed to enable the Government to finalise a balanced package of reforms that meet the current and future needs of this important housing sector. It is expected that draft legislation will be released for public consultation in late 2012.

Tattoo parlours

Tattoo Parlours Act 2012 No. 32

Most of the *Tattoo Parlours Act 2012* commenced on 29 May 2012. The Act is jointly administered by the Minister for Fair Trading, Minister for Finance and Services and the Minister for Police and Emergency Services. The Act aims to reduce the involvement of organised crime in the tattoo industry in NSW by establishing a new regulatory scheme for owners, operators and tattooists. NSW Fair Trading will be the regulator of the industry.

It is expected that the licensing regime will commence in late 2012 and will require that individuals who operate or intend to operate a body art tattooing business, or who intend to perform body art tattooing procedures, obtain a licence issued by NSW Fair Trading. Individuals who perform cosmetic tattooing procedures will be excluded from the licensing requirements.

9.19 Significant judicial decisions

Finance and Services Portfolio

Industrial Relations

Public Service Association and Professional Officers' Association Amalgamated Union of NSW v Director of Public Employment [2011] NSWIR Comm 143

The validity of both of the *Industrial Relations Amendment (Public Sector Conditions of Employment) Act 2011*, and the Industrial Relations (Public Sector Conditions of Employment) Regulation 2011 were challenged by the Public Service Association in the Industrial Court of NSW. The effect of this legislation is to ensure that NSW Government public sector wages policy is given effect in all relevant decisions of the NSW Industrial Relations Commission.

The amending legislation was challenged on the basis of its constitutional validity, while the Regulation was challenged in relation to the nature and extent of regulation-making powers available under the *Industrial Relations Act 1996*.

The Industrial Court published its decision on 31 October 2011 upholding the constitutional validity of the legislation, as well as finding that the Regulation had been validly made within the provisions of amending legislation

The PSA has appealed to the High Court and proceedings are on-going.

Brown v Health Services Union [2012] FCA 644

Proceedings were commenced by the Acting President of the Health Services Union in the Federal Court for a declaration under section 323(1) of the *Fair Work (Registered Organisations) Act 2009* (Cth) in respect of the HSU East Branch of the Union, an industrial organisation registered federally under that Act. The application was made on the basis that the branch had ceased to function effectively and that there were no effective means under the rules to enable the organisation to function effectively. A similar declaration was sought in the same proceedings in relation to HSUEast, an industrial organisation registered under the *Industrial Relations Act 1996* (NSW). The Federal Court was asked to approve a scheme to resolve issues within the federal and state organisations.

Following the commencement of the *Industrial Relations Amendment (Industrial Organisations) Act 2012* (NSW) on 11 May 2012, an application was made to the Industrial Court of NSW (IRC 580 of 2012) by representatives of HSUEast for approval of a scheme of administration, including the appointment of an administrator, to deal with the dysfunction within the state organisation. On 23 May 2012 following an application by an officer of the HSU, the NSW Supreme Court transferred the matter to the Federal Court for determination by Mr Justice Flick.

The proceedings before Mr Justice Flick concluded on 21 June 2012 with the making of orders vacating all elected offices in the two organisations and approving of schemes for the administration of the affairs of both organisations pending holding of fresh elections.

The Minister for Finance and Services was an intervener in all of the above proceedings.

Equal Remuneration Case (Australian Municipal, Administrative Clerical and Services Union & Ors) [2012] FWAFB 5184

On 11 March 2010 the Australian Municipal, Administrative, Clerical and Services Union (the ASU), together with other unions, lodged an application with Fair Work Australia for an Equal Remuneration order for employees in the social and community services sector.

This long-running matter concluded on 22 June 2012, with the issue of a final order and decision by Fair Work Australia. This followed its decision in February 2012 that granted equal remuneration increases of between 23 and 45% on top of the modern award rates for each classification level. These wage increases are to be implemented in nine equal instalments over a period of eight years beginning 1 December 2012 with the final instalment due 1 December 2020.

While the NSW Government is not the direct employer of any employees covered by this decision, the Government is a major funder of the non-government organisations that employ the care workers, social workers and others who deliver relevant services to the community. The Minister for Finance and Services made submissions at every stage of the proceedings, including submissions about the potential budget impact on NSW of any increases.

Duties

Chief Commissioner of State Revenue v Scarfo [2011] NSWADTAP 57

Date of Judgement 6 December 2011

The issue in the case was whether a Transfer to a person other than the purchaser named on the Contract was also liable to ad valorem duty.

This was an appeal by the Chief Commissioner against the decision of a single member in the Administrative Decisions Tribunal to set aside the Chief Commissioner's assessment imposing ad valorem duty in respect of a transfer of property.

The Appeal Panel allowed the appeal, on the basis that the Transfer was not made "in conformity with" an agreement in respect of which duty had been paid. It held that the doctrine of undisclosed principal, and the contractual issues that arise from that relationship, did not assist the taxpayer.

Chief Commissioner of State Revenue v Mr Espresso Group Pty Ltd [2012] NSWADTAP 1

Date of Judgement 27 January 2012

The issue in the case was whether tenant's fixtures were dutiable property.

This was an appeal by the Chief Commissioner against the decision of a single member in the Administrative Decisions Tribunal to set aside the Chief Commissioner's assessment which included tenant's fixtures.

The Appeal Panel allowed the appeal, on the basis that the Agreement was an agreement for the sale of a business including dutiable property.

Land tax

Chief Commissioner of State Revenue v Sayden Pty Ltd ATF Griffin Property Unit Trust (RD) [2012] NSWADTAP 14 ("Sayden")

The issue in *Sayden* which the Appeal Panel of the Administrative Decisions Tribunal considered was whether the Griffin Property Unit Trust satisfied the relevant criteria pursuant to s.3A(3B) of the *Land Tax Management Act 1956* and was therefore a fixed trust. If the trust was not a fixed trust it would be a "special trust" and the benefit of a tax free threshold would not be claimable.

On 11 December 2010 the trust deed was amended by adding a paragraph that closely mirrored the text of the relevant criteria along with the words "notwithstanding any other provision of this deed". The question which arose in this matter was whether the insertion of such an amendment was sufficient to classify the trust as a fixed trust notwithstanding that other clauses within the deed conflicted with the amendment. The amendment also did not establish any machinery to enable the exercise of the rights whose existence would be necessary to satisfy the relevant criteria.

The Appeal Panel's view was that, other than in instances of very simply expressed instruments, more would be required than mere recitation of the relevant criteria as a term of the deed. The trust deed on its terms had to satisfy the relevant criteria. Merely asserting, in the body of the deed, that it did so, would not be sufficient.

This matter is currently under appeal at the Court of Appeal as at the time of preparation of this case summary.

Leda Manorstead Pty Ltd v Chief Commissioner of State Revenue [2011] NSWCA 366 ("Leda")

The issue in *Leda* was whether the land at Cobaki in the Tweed Heads was entitled to the primary production exemption.

The taxpayer appealed the decision of Justice Gzell at first instance. In that decision his Honour confirmed the assessment for land tax for the 2006 land tax year in relation to land at Cobaki in the Tweed Heads area. His Honour confirmed that the dominant use of the land was not that of primary production but of earthworks for residential development. In making this decision Justice Gzell had regard to a range of factors, including the relative area of land used for each purpose, the expenditure, extent and intensity of each use, length of time the competing uses were conducted on the land, the plant and equipment used (including the capital value), the cost of the earthworks compared to the value of the land, and the history of losses from cattle grazing with the prospect, or otherwise, of increasing the scale of cattle grazing beyond 400 head.

President Allsop, in the leading judgment, largely endorsed the approach by Justice Gzell and dismissed the appeal on the basis that Justice Gzell's conclusion was correct that the land was not land with the dominant use for cattle production within the meaning of ss.10AA of the *Land Tax Management Act 1956*. Justice Campbell and Justice Whealy agreed with President Allsop and held that Justice Gzell was correct in finding that, at the relevant time, the land was used for commercial land development, even though at the time the use was preparatory to its eventual use when subdivided as a vendible commodity, and its eventual use for residential purposes.

Payroll Tax

Chief Commissioner of State Revenue v Tasty Chicks P/L and ORS (2012) NSWCA 181

The issues in the case was whether the businesses were grouped for payroll tax and if so whether they were entitled to be de grouped.

The Chief Commissioner issued assessments for the "Tasty Chicks" group based on the common use of employees, and declined to de group them as the businesses were not carried on independently. A single judge of the Supreme Court found that they were not grouped for the first period and later when they were grouped should be de grouped. The Commissioner appealed this decision.

The Court of Appeal found that there was a grouping as a result of the provisions of the agreements between the businesses. The court found that the businesses were not carried on substantially independently of one another because they were located in the same building, had common payroll management, the same bank and some group members received 99 per cent of their business from other members of the group, and therefore the discretion to de group could not be exercised.

The grouping covered three separate legislative periods and as the judge had not considered the exclusion aspect of the first period as he considered the businesses were not grouped, the Court of Appeal remitted this part back to a single judge for consideration.

Land Title Transactions

Teresa Nadia Pedulla v Registrar-General and Others [S3] [2011] NSWSC 1386

This case concerned a fraudulent execution of power of attorney and registration of a transfer by the brother of the registered proprietor. Pembroke J found the power of attorney had been procured by fraud and awarded compensation of \$3,800,000.00 to Ms Pedulla. In his Honour's judgment he found that the Registrar-General could rely upon section 36(4) of the *Real Property Act 1900* in regard to the power of attorney. However due to the fraud perpetrated by her brother and his wife and the conduct of the solicitor, Ms Pedulla was entitled to compensation from the Torrens Assurance Fund.

The Registrar-General was successful in a claim for subrogation and as the Court found the solicitor was liable for 30% of the loss the Registrar-General is entitled to recover this percentage of the compensation from the solicitor.

In respect of the costs awarded to Ms Pedulla, Pembroke J had to consider the amendments made to section 129A *Real Property Act 1900* following the decision in *Chandra* and determined that 'professional costs reasonably incurred' were not limited only to party costs. In the circumstances of the case Ms Pedulla was entitled to indemnity costs.

Sahab Holdings Pty Ltd v Registrar-General and Anor [2011] NSWCA 395 [2012] NSWCA 72

The background to the proceedings concerned a successful request to remove the recording of a right of way from a parcel of land ultimately purchased with notice of its removal by Sahab. On Appeal, the Court of Appeal raised the issue of an omitted easement which was not argued at first instance by any of the parties. The Court of Appeal ultimately ordered the Registrar-General to record the right of way, holding that the powers under section 138(1) *Real Property Act 1900* applied to these proceedings notwithstanding that the easement had been removed before Sahab purchased the land. The Court of

Appeal also made several observations about the Registrar-General's powers particularly in regard to section 12(1)(d) of *Real Property Act 1900*, which allows for the correction of errors and omissions.

***Barlin Investments Pty Ltd v Westpac* [2012] NSWSC 699**

This case concerned the lodgment and priorities of dealings processed through the 'face to face' and 'bulk' lodgment streams at Land and Property Information. Westpac dealings were partially processed through bulk lodgment earlier in time but had not been formally 'lodged' when the Barlin caveat was recorded after being lodged through the face to face facility. LPI raised a requisition that Barlin's caveat prevented lodgment of the Westpac dealings.

The Court confirmed that 'lodged' for the purposes of section 36(1B) of the *Real Property Act 1900* requires the distinctive reference number to be added to a dealing by LPI. This decision affirms the Registrar-General's position that presenting dealings for processing via bulk lodgment does not equate with lodgment.

***Chen v Gu* [2011] NSWSC 1622**

This case concerned the fraudulent execution of a contract for sale of land, a transfer and two authorities by the defendant. The case is of significance in that the Registrar-General was successful in invoking the defence under s.129 (2)(b) of the *Real Property Act 1900* that the loss was caused by a solicitor and was compensable under an indemnity given by an insurer.

Compensation from the Torrens Assurance Fund

During the 2011/12 financial year payments made in response to claims against the Torrens Assurance Fund totalled \$6,956,000.00. Compensation in relation to the *Teresa Nadia Pedulla vs Registrar-General and Others* [S3] [2011] NSWSC 1386 accounted for \$4 million of the total.

Fair Trading Portfolio

***Commissioner for Fair Trading v Sion Events Pty Ltd, TPTG Holdings Pty Ltd, Thomas Gilmartin and David Keith McGuire*, Supreme Court Proceedings 2011/412200**

On 22 December 2011 the Commissioner for Fair Trading commenced proceedings in the NSW Supreme Court against the defendants, seeking declarations and injunctive relief pursuant to the *Australian Consumer Law* to restrain the defendants from continuing to engage in misleading and deceptive conduct in relation to internet sales of tickets to musical, cultural, sporting and other entertainment events.

On 30 March 2012, by consent, the Court granted the orders sought by the Commissioner and noted that the defendants had engaged in misleading and deceptive conduct for the period prior to 21 December 2011.

***Director-General, Department of Finance and Services v Columbus Sales Group Pty Ltd and Aqua Conscious Pty Ltd*, Supreme Court Proceedings 2011/44889**

On 10 February 2011 the Director-General commenced proceedings in the NSW Supreme Court against the defendants pursuant the *Fair Trading Act 1987* seeking injunctive relief to restrain the defendants from misleading and deceptive conduct in relation to the sale and supply of water tanks, televisions and DVDs. The Director-General also sought an order to freeze a bank account in the name of Columbus Sales Group Pty Ltd for the purpose of later being able to use the funds in the account to compensate consumers that were affected by the conduct of the defendants.

On that day the Court granted the order freezing the bank account. On 4 May 2012 the Court delivered its decision and granted the Director-General's injunction.

At the time of preparing this case summary, the matter was still before the Court for the purpose of obtaining final orders for compensating affected consumers.

Director-General, Department of Finance and Service v Hollie Veall, Helen Dimitrijevsksi and Zivko Dimitrijevsksi, Supreme Court Proceedings 2009/325996

By amended Statement of Claim filed on 2 November 2009 the Director-General commenced proceedings in the NSW Supreme Court against each of the defendants seeking injunctive and declaratory relief to restrain them from operating an introductory agency known as True Love Corp (TLC) and orders for compensation of consumers.

On 3 May and 18 August 2012 the Court delivered two separate decisions in which it found that between 1 March 2003 and 3 August 2009 each of the defendants had engaged in misleading and deceptive conduct and unconscionable conduct, in breach of both the *Trade Practices Act 1974* (Cth) and the *Fair Trading Act 1987*.

The matter was before the court on 28 June 2012 in relation to obtaining final orders to restrain the defendants from further involvement in the business of introduction agencies and to obtain orders for compensation of victims of TLC. At the time of preparing this case summary, judgment was reserved.

9.20 Overseas travel

During 2011/12, officers of the department travelled overseas on government business, some at minimal or no cost to the government.

Name and division	Date	Destination, purpose and benefits	Total actual cost	Net cost to DFS
P Western Office of the NSW Valuer- General	19/07/11 to 22/07/11	Cambodia - Siem Reap. Attend Asian Valuers Association (AVA) Seminar / AVA Council meeting attendance as National President of Australian Property Institute to build closer relations with valuation professionals in the Asia Pacific region.	\$2,600	\$0*
P Western Office of the NSW Valuer- General	02/08/11 to 09/08/11	New Zealand – Christchurch and Queenstown 2011 Australasian Valuers-General Conference Annual meeting to discuss issues of mutual interest relating to valuation systems including planning for the Commonwealth Heads of Valuation Agencies Conference in Sydney in 2012	\$1,952	\$1,952
R Crawford Telco Authority	14/09/11 to 17/09/11	Thailand – Chang Mai Attend APT Wireless Group meeting on behalf of Public Safety Mobile Broadband National Steering Committee Access to current information on implementation issues associated with the use of Band 698-806 MHz for Public Safety applications	\$6,500	\$0*
G Vardy NSW Public Works	27/11/11 to 3/12/11	Spain – Madrid Attend International Search & Rescue Advisory Group (INSARAG) External Classification (IEC) exercises as observer in preparation for engineering component of NSW Urban Search & Rescue Task Force.	\$350	\$350

Name and division	Date	Destination, purpose and benefits	Total actual cost	Net cost to DFS
P Harcombe Land and Property Information	23/11/11 to 25/11/11	New Zealand, Wellington Attending meetings of the Intergovernmental Committee for Surveying and Mapping, the Council of Reciprocating Surveyors Boards of Australia and New Zealand and Surveying and Spatial Sciences Conference 2011	\$3,879	\$3,879
Z Nujic Land and Property Information	29/11/11 to 2/12/11	New Zealand, Wellington Attend work place project preparation, presentation and final delivery of Executive Masters of Public Administration lectures offered by the Australian and New Zealand School of Government.	\$1,718	\$1,718
Lolita Kepars	29/11/11 to 2/12/11	New Zealand, Wellington Attend Executive Masters of Public Administration lectures offered by the Australian and New Zealand School of Government.	\$1,020	\$304
H Lockhead Government Architects Office, NSW Public Works	10/04/12 to 12/04/12	New Zealand, Christchurch Present lecture on Sustainable Cities to Christchurch Civic Trust - to raise the profile of NSW architecture and urban design, promote understanding of architecture and sustainable design to gain knowledge and insights to be shared with staff of the Government Architects Office and to assist the City of Christchurch with planning and development of their city post disaster.	\$ 0	\$ 0*
J Hosken Land and Property Information	5/9/11 to 8/9/11	Lord Howe Island Undertake a continuing program of work related to LPI's Aerial Imagery program to include Lord Howe Island and Balls Pyramid	\$612	\$612
L Charles NSW Public Works	16/03/12 to 21/03/12	Hong Kong Acceptance of Project Manager Award from the Asia Pacific Federation of Project Management. Benefit to agency – raise awareness of NSW Public works project management capability, explore trends in project management in the Asia Pacific Region Build relationships with industry participants support the NSW public works brand.	\$2,400	\$2,400
R Crawford Telco Authority	9/4/12 to 15/4/12	Xiamen, China Part of Australian delegation to provide input on telecommunications activities for the ITU region a including Public safety Mobile Broadband Capacity to shape Region 3 direction, policy and technology for radio communications standards; networking opportunities and access to current information to assist NSW planning especially in relation to the pubic safety mobile broadband.	\$7,000	\$0**

Name and division	Date	Destination, purpose and benefits	Total actual cost	Net cost to DFS
N Zhou NSW Fair Trading	19/2/12 to 24/2/12	Wellington, New Zealand Attendance at Electrical Regulatory Authorities Committee meeting and Standards NZ EL-002 meeting representing NSW Fair Trading, Home Building Service.	\$2041	\$2041
Phil Clark and Peter Leszczynski	19/6/12 to 22/6/12	Lord Howe Island Work on Ocean Tide Monitoring Station to upgrade primary sensor and data logger software and maintenance of water level sensor	\$1924	\$0***

* Costs met by sponsoring organisations.

** Expenses met by Australian Government Department of Broadband and Digital Economy

*** Costs met under contractual arrangement with the Office of Environment and Heritage

9.21 Public interest disclosure

During the year the Director-General issued the Fraud and Corruption Internal Reporting Policy. All staff were advised of this policy by means of an introduction to the policy by the Director-General via a podcast, brochures, training for senior management and nominated disclosure officers. Further training is planned for remaining staff in the future.

	Jan 2012 – June 2012
Number of public officials who made PIDs	4
Number of PIDs received	4
Of PIDs received, number primarily about:	
Corrupt conduct	4
Maladministration	0
Serious and substantial waste	0
Government information contravention	0
Local government pecuniary interest contravention	0
Number of PIDs finalised	0

Note: The number of PIDs finalised only refers to PIDs that have been received since 1 January 2012.

The table above includes the PID data for the following agencies: Department of Finance and Services; Geographical Names Board of NSW; State Contracts Control Board; NSW Government Telecommunications Authority; Waste Assets Management Corporation; Consumer Trader and Tenancy Tribunal; Fair Trading Administration Corporation; Motor Vehicle Repair Industry Authority (MVRIA); NSW Architect Registration Board and the NSW Rental Bond Board.

The following agencies have disclosed PID information in their own annual reports and are not included in the above table: NSW Land and Housing Corporation; State Property Authority; Long Service Leave Corporation; Board of Surveying and Spatial Information (BOSSI); Teacher Housing Authority and State Records Authority.

The Australian Centre for Advanced Computing and Communications (ac3) employees are not 'public officials' for the purposes of the *Public Interest Disclosures Act 1994*.

9.22 Research and development

NSW Public Works

The NSW Water Solutions section of NSW Public Works has developed an innovative offtake tower design to release water of appropriate temperature based on measured upstream water levels and temperatures. The innovative concept has been adopted for the remediation of the Keepit Dam intakes and has the potential to be used in other locations to deliver improved environmental outcomes and operational efficiencies.

NSW Public Works' Manly Hydraulics Laboratory (MHL) introduced a new public web portal to provide access to environmental data. The system also transmits data to the Bureau of Meteorology and NSW State Emergency Services for flood and storm forecasting. Data collected includes water levels, water quality, salinity, rainfall and wave height.

NSW Public Works' Manly Hydraulics Laboratory (MHL) operates a network of seven ocean wave monitoring buoys along the NSW coast for the Office of Environment and Heritage. The data is used extensively for coastal investigations, design and management. Real time data is available to the community via the internet and it is also utilised by the Bureau of Meteorology for coastal waters forecasts, storm warnings and verification of computer wave models. A project is underway to significantly enhance the value of this information through the introduction of wave direction data capture. This will significantly improve understanding of the NSW wave climate and will be a valuable baseline resource to monitor possible changes in the wave climate due to future climate change.

NSW Public Works is co-sponsoring a four-year research project with University of NSW (School of Civil Engineering) aimed at developing an improved understanding of erosion phenomenon in embankment dams, including development of tools and techniques for effective and consistent assessment of concentrated leaks and backward erosion in embankment dams and spillway erosion. The outcomes will be significantly improved prediction methods which will result in improvements in dam and public safety, and more efficient use of scarce funds for dam safety upgrades.

Through several pilot plant trials and on-site testing, NSW Public Works has been able to develop innovative solutions to remove dissolved manganese and discolouration from drinking water. The development of the solutions will lead to improved water quality for communities in Bathurst and South Western Sydney and lower treatment costs for operators.

The total resources for the NSW Public Works projects including external costs and in-house resources in the reporting period was \$149,500.

Land and Property Information

In partnership with the University of NSW, LANDCOM and the Collaborative Research Centre for Spatial Information, Land and Property Information is piloting the use of high resolution radar, aerial and satellite optical imagery for near real time monitoring and mapping of the land development process. LANDCOM as the government's leading housing development planner has major housing projects in train at Edmondson Park and Oran Park in south-western Sydney. The pilot will determine and model the feasibility of remotely sensed data being used over these areas to detect and monitor change in the landscape associated with greenfield development, in particular land clearing, earthworks, road and utility construction and the effect on surrounding occupations. Once proven, the capability will provide for all-weather, regular and efficient monitoring of land development on a regional and potentially statewide basis.

The total resources for the project including external costs and in-house resources in the reporting period was \$245,600.

9.23 Risk management, attestation and insurance activities

The department has in place an Enterprise Risk Management Framework which complies with the core requirements of NSW Treasury's Internal Audit and Risk Management Policy for the NSW Public Sector (Policy and Guidelines Paper TPP09-05) and ISO3100:2009. The key objectives of the Enterprise Risk Management Framework are to:

- Integrate risk management principles and processes into corporate, division and business unit planning to increase the likelihood of the department achieving its corporate objectives
- Create and support proactive risk management and ensure that an appropriate level of resources is allocated to control risks
- Improve governance and reporting to ensure that information about risks to the organisation and its objectives are efficiently and effectively communicated to the appropriate decision-making level

To support the achievement of these objectives the following key activities were undertaken in 2011/12:

- The department is in the process of configuration review of the enterprise risk management software to achieve reporting efficiencies and standardise processes across the department
- A Corporate Strategic Risk Register is in place and progress of mitigation activities is monitored by the DFS Executive Team
- The reporting of risks for the department's flagship projects was further developed and a report on the status of the projects is provided to the department's Audit and Risk Committee quarterly
- Further integration of risk management into corporate and business planning
- A self-assessment review of the department's Enterprise Risk Management Framework was undertaken and an action plan for improvement developed
- A significant effort was made to assist the department's related entities to improve their risk management and compliance processes which will facilitate the implementation of cluster wide reporting
- A comprehensive review of the department's Audit and Risk Committees was undertaken to ensure compliance to NSW Treasury's Internal Audit and Risk Management Policy for the NSW Public Sector TPP 09-05, which resulted in the establishment of Audit and Risk Committees for the cluster

Internal audit and risk management statement for the 2011/12 financial year for Department of Finance & Services

I, Michael Coutts-Trotter, Director-General of the NSW Department of Finance and Services am of the opinion that the Department of Finance and Services has internal audit and risk management processes in operation that are, in all material respects, compliant with the core requirements set out

in the *Public Finance and Audit Act 1983* (where relevant) and/or Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*.

I, Michael Coutts-Trotter, am of the opinion that the Audit and Risk Committee for the Department of Finance and Services is constituted and operates in accordance with the independence and governance requirements of the *Public Finance and Audit Act 1983* (where relevant) and/or Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are:

- Mr Peter Whitehead, Independent Chair (period of appointment from 1 July 2011 to 13 October 2011)
- Ms Carolyn Burlew, Independent Member (period of appointment from 1 July 2011 to 31 August 2011). Ms Burlew was appointed Independent Chair (period of appointment from 14 October 2011 to 14 October 2015)
- Dr Gul Izmir, Independent Member (period of appointment from 1 July 2011 to 24 April 2012)
- Ms Anne Skewes, Non-Independent Member (period of appointment from 1 July 2011 to 27 July 2011)
- Mr Michael Silk, Non-Independent Member (period of appointment from 1 July 2011 to 27 July 2011)
- Mr Ralph Kelly, Independent Member (period of appointment 1 September 2011 to 1 September 2014)
- Mr Jim Mitchell, Independent Member (period of appointment from 13 October 2011 to 13 October 2013)
- Ms Elizabeth Crouch, Independent Member (period appointment from 13 October 2011 to 13 October 2014)

I, Michael Coutts-Trotter declare that this Internal Audit and Risk Management Statement is made on behalf of the following controlled entity:

- NSW Government Telecommunications Authority

These processes provide a level of assurance that enables the senior management of the Department of Finance & Services to understand, manage and satisfactorily control risk exposures.

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



Michael Coutts-Trotter
Director-General
NSW Department of Finance and Services

Addendum to Attestation

At the time of attesting to NSW Treasury compliance to TPP09-05 Internal Audit and Risk Management Policy for the NSW Public Sector, the Department of Finance and Services was seeking Crown Solicitors advice on whether or not the reporting line of the Chief Audit Executive as outlined in TPP09-05 Internal Audit and Risk Management Policy for the NSW Public Sector were consistent with Section 11 (2) of the *Public Finance and Audit Act 1983*. Internal legal advice indicated that there was

a possible inconsistency between the two and the attestation was signed on the basis of that advice. Subsequent to attesting to NSW Treasury the Crown Solicitors advice was received noting that the Chief Audit Executive functional reporting line to the Chair of the Audit and Risk Committee was not inconsistent with the *Public Finance and Audit Act*.

The Department of Finance and Services' Chief Audit Executive reporting line to report both administratively and functionally to the Director-General will be amended so that the Chief Audit Executive will report administratively to the Director-General and functionally to the Audit and Risk Committee which will bring the Department into full compliance with the policy

Business Risk Insurance

DFS has insurance arrangements in place for all our assets and major risks. Principally insurable risk cover is provided through participation in the NSW Treasury Managed Fund (TMF), a NSW government self insurance scheme. Insurable risk lines covered are property, liability, motor vehicle, workers' compensation, travel and personal accident.

Total insurable risk TMF deposit premiums increased 8 per cent or \$607,000 compared to 2010/2011. With the exception of the workers compensation line, performance was better than the TMF Primary Pool of which the DFS is a member. Lower claims experience was the major factor in achieving the premium results.

Claims Performance

While the total number of occurred claims remained static, the net incurred cost of claims was \$2,359,136 or 42.5% lower compared to 2010/11.

Number of claims

	08/09	09/10	10/11	11/12
Workers Compensation	210	278	255	252
Motor Vehicle	268	228	235	202
Property	90	68	50	84
Liability	24	12	10	13
Other	0	1	1	1
TOTAL	592	587	551	552

Net incurred claims cost (\$)

	08/09	09/10	10/11	11/12
Workers Compensation	3,246,691	4,146,113	3,113,188	1,464,757
Motor Vehicle	613,839	679,038	752,275	647,262
Property	542,750	495,678	301,658	587,213
Liability	487,615	284,131	1,379,439	406,530
Other	-	712	1,357	83,019
TOTAL	4,890,895	5,605,672	5,547,917	3,188,781

9.24 Senior Executive Service performance

Michael Coutts-Trotter

Director-General, Department of Finance and Services

SES 8 - Salary \$499,600

2011/12 highlights:

- Implemented the reduction in the eligibility age for the transfer duty concession from 65 to 55.
- Implemented payroll tax rebate scheme and regional relocation grants.
- Decreased total fines debt administered by 29% to \$1,470.7M and began pilot of outsourced debt collection.
- NSW payroll tax rate was maintained below the median rate of all states in 2011/12.
- Reduced red tape by a net \$6,295,980 million.
- Reforms to the *Home Building Act 1989* implemented.
- Register of residential parks established and draft standard retirement village contract terms released for public consultation.
- The national Personal Property Securities Register commenced.
- Whole of Government ICT Strategy released.
- Began to implement reform of government data centres.
- Established the Office of Finance and began work to review property ownership across government.
- Established new ICT governance arrangements including ICT Board, ICT Advisory Panel, and ICT Leadership Group.
- A new procurement operating model for government was implemented with the Public Sector Employment and Management Amendment (Procurement of Goods and Services) Act 2012.
- \$72 million of procurement savings allocated to departments in 2011/12 budget and delivered.
- Intergovernmental agreement for National Electronic Conveyancing signed by the participating jurisdictions.
- Completed more than 300 standard NSW Government corporate and shared service processes.
- Land and Housing Corporation and related activities transferred to the Department of Finance and Services.
- Reliability performance standards for water continuity and quality for Sydney met.
- Water savings achieved through water efficiency measures in greater Sydney estimated at 114 billion litres for 2011/12.
- Facilitated negotiation to widen M5 west.
- Supported leasing of desalination plant.

Ken Kanofski

Executive Director, Housing and Property Group

Date of appointment: commenced with the NSW Land and Housing Corporation on 10 October 2011

SES 5 - \$ 315,300

2011/12 highlights:

- Implemented the Machinery of Government changes arising from the 2011/12 administrative restructure by reallocating functions between the NSW Land and Housing Corporation and Department of Family and Community Services - Housing.
- Successfully managed the transition of staff, assets and finances with no interruption to service delivery
- Completed a review of vesting dwellings to the community housing sector
- Completed an initial review of the financial sustainability of the NSW Land and Housing Corporation

Simone Constant

Executive Director, Office of Finance

SES 5 - Salary \$285,300

2011/12 highlights:

- Successfully established the Office of Finance, recruiting high quality staff from both the public and private sectors and developed the required systems and processes to deliver quality outcomes across key result areas
- Engendered positive and strategic cross government relationships, creating collaborative synergies and minimising duplication, with stakeholders that included senior officers from NSW Treasury and the Department of Premier and Cabinet
- Led efforts to improve the coordination and management of government wide asset management strategies, through the Property Asset Utilisation Taskforce, to move agencies from passive to active asset management and increase the efficiency and effectiveness of the NSW Government's \$122 billion property portfolio
- Commencing an asset consolidation and divestment process to leverage at least \$300 million from surplus government assets to fund government housing initiatives including strategic reforms and improvements to better support this
- Provided high quality, informed and strategic advice to the Minister and Director-General to support their involvement in the Cabinet Standing Committee on Expenditure Review
- Enhanced the value to government and the community generated from the NSW Government State Owned Corporations, through improved participation at steering committee level in a range of key strategic transactions including the lease of the Desalination Plant, the Network Reform Project for electricity distributions, the Port Botany and Port Kembla lease transaction process and the generators and Cobbora sale process and at the more 'business as usual' level through reporting, analysis and shareholder engagement
- Provided high level advice and support to assist the Minister in regulatory and prudential responsibilities in relation to the estimated \$32 billion in superannuation funds under management within the portfolio

- Actively and strategically engaging in departmental and whole-of-government reform initiatives to drive greater efficiency and improved service delivery outcomes, across DFS businesses and broader commercial government activity, including completion of a number of comprehensive reports with reform focused recommendations

Brian Baker

Deputy Director-General, NSW Public Works
SES 6 - Salary \$320,650

2011/12 highlights:

- Contributed to the development of NSW Public Works, ensuring it provides the highest level of professional services to Government agencies for capital assets design, delivery and maintenance and provision of expert advice to Government
- Helped develop and maintain public infrastructure by assisting agencies to plan, design and deliver building and engineering projects to the value of approximately \$1 billion while achieving an on time delivery rate of 89% and 95% of projects within budget
- Continuation of the graduate development program, cadetships program and apprenticeship program to maintain government expertise in areas of skill shortage including asset management, engineering and architecture
- Minimised the risk for government on NSW Public Works contracts managed projects by achieving a loss time injury frequency ratio approximately 5 times better than the industry average
- Provided commercial services to government agencies to help them maximise value, minimise costs and manage risks arising from the services they provide to the community and achieved a client satisfaction rating of 83.5% for service delivery
- Through NSW Public Works continued to provide engineering support to emergency service combat agencies and functional areas throughout 2011/12. Major events responded to included, providing critical engineering assessments of over 20 levees and dams under threat during the NSW Inland Flooding, arranging the urgent establishment of Recovery Centres in three communities to facilitate assistance to flood victims, and providing specialist engineering expertise to local government on the maintenance of essential services such as water and sewerage. Flood assessments were made on Dam in danger of collapse, three structural collapses, a land slip at Middle Cove and road collapses in the Sydney CBD. NSW Public Works assisted Fire and Rescue NSW by providing structural advice which allowed Fire and Rescue to successfully fight a number of large fires in the Sydney metropolitan area and supported them in gaining the United Nations accreditation for Urban Search and Rescue.

Paul Jones

Group General Manager Project Management, NSW Public Works
SES 5 – Salary \$285,300

2011/12 highlights:

- Continued to contribute to the efficacy of the government financial management by providing Agencies with capability to manage capital projects with surety on budgets and the effective management of risks associated with delivery to achieve forecasted budgetary parameters

- Continued to improve on efficiency and effectiveness by exceeding productivity/resource utilisation targets achieving 76.8% (76% for direct salary only) utilisation across Project Management Group
- Provided expertise to help state government and local government agencies invest in infrastructure through assisting in the development and maintenance of public built assets by managing risks associated with the planning, procurement, design and construction of building and engineering projects in excess of \$500 million while achieving a client satisfaction rating of 83%
- Assisted state agencies and local government in effective and efficient expenditure through achieving an on time completion rate of 80% and an on budget completion rate of 94% for the delivery of their asset strategies
- Continued to increase customer satisfaction with government services by delivering to agreed target parameters of time, cost, scope and quality
- Worked with state agencies and local government to increase awareness of probity and procurement responsibilities through the engagement of agencies in our robust internal procedures around the planning, delivery and maintenance of assets
- Continued to drive economic growth in regional areas by maintaining regional based construction skills and capability and working with agencies to deliver their regional maintenance and capital works programs
- Assisted agencies to effectively engage regional providers in the delivery of their asset strategies as a reflection of our regional presence, history and knowledge of regional areas
- Assisted agencies in an effective interaction with private sector in the delivery of their asset strategies and thereby increasing the level of construction related employment as a direct result of the government expenditure on capital and maintenance
- Provided the government with capabilities in project management for NSW disaster recovery responsibilities under the NSW State Disaster Plan and assessed Council of Natural Disasters relief assistance claims to the value of \$15 million

Peter Poulet

NSW Government Architect and General Manager, Government Architect's Office, NSW Public Works

Date of appointment: 28 February 2012

SES 5 - Salary \$247,301

2011/12 highlights:

- Influenced and supported architectural issues through representation on the ANZAC Memorial Trust, Sydney Opera House Conservation Committee and Eminent Architects Panel, the City of Sydney's Central Sydney Planning Committee and NSW Architect's Registration Board
- Established and chaired Design Review Panels for the Sydney International Convention, Exhibition and Entertainment Precinct and the North West Rail Link
- Provided expert advice to government agencies on city planning and architecture through representation on Sydney Olympic Park Authority Design Review Panel, Roads and Maritime Services Urban Design Review Panels and the City of Sydney Design Advisory Panel

- Applied environmentally sustainable design to government buildings and assisted in the management of designs for major capital works for public projects:
 - Reducing greenhouse gas emissions and improved efficiency of electricity use through energy management advice and monitoring for government agencies
 - Reducing water consumption through water audits and management

Rod Stowe

Commissioner, NSW Fair Trading

Date of appointment: 4 July 2011

SES 6 - Salary \$320,650

2011/12 highlights:

- Successfully implemented COAG National Partnership reforms, including transfer of business names and encumbered vehicles registration functions to the Commonwealth, as well as leading work resulting in the passing of the Cooperatives National Law
- Substantially progressed work on government commitments to develop standard terms for retirement village contracts, review residential parks legislation, and roll-out 'one stop shops' to deliver a wide range of government services in all 24 Fair Trading centres
- Effectively led the national strategy to stamp out the illegal activities of travelling con men, resulting in multiple convictions of perpetrators
- Successfully piloted the concept of 'super-complaints' by partnering with the consumer group CHOICE and responding to concerns about energy-switching sites
- Oversaw the cutting of red tape for consumers and traders through amendments to the *Home Building Act 1989* and the reform and simplification of plumbing and drainage legislation to establish Fair Trading as the sole state regulator
- Initiated wide-ranging reviews of strata, residential building and motor vehicle regulation, and implementation of a new licensing scheme for tattoo parlours

Anne Skewes

Deputy Director-General, Government Services

SES 6 - Salary \$341,924

2011/12 highlights:

- Co-Leadership of the Whole of Government procurement reform
- Leadership in \$1 billion procurement savings target achievement in 2011/12
- Realignment of Corporate and Shares Services Reform to Government priorities including reviewing the shared services delivery strategy
- Leadership support for the Governments Data centre reform
- Implementation of fleet efficiency, telecommunications and State Contracts reviews
- ICT delivery innovation in simpler services and managed services

James Norfor

Executive Director, NSW Procurement, Government Services

Date of appointment: 22 November 2010

SES 5 - Salary \$285,300

2011/12 highlights:

- Ongoing reform of NSW Procurement
- Identification of \$73.2 million of savings opportunities from government agencies' goods and services expenditure as part of the year 1 commitment of the government's \$1.015 billion savings program over four years
- Abolition of management fee supporting NSW Government's policy to simplify doing business with the government
- Implementation of state-wide Agency Accreditation Scheme and accreditation of NSW Procurement to level 2A
- Implementation of the Ariba system (Phase 1) for managing contract life cycle, supplier performance management, and sourcing
- Establishment of a whole of government expenditure cube for identifying expenditure rationalisation and savings for NSW agencies - \$35 billion in spend mapped
- Initiation of NSWBuy which when completed will provide a one-stop procurement platform for clients eliminating known obstacles to effective and efficient electronic procurement across NSW Government
- Business process re-engineering (Project Rapid) to redesign the end to end procurement process for reducing tender cycle time and to map the tender process to e-RFx technology
- Procurement System for Construction enabled more than 55 NSW government agencies to procure \$768 million in construction projects with \$74 million in savings for the government
- Sector-wide engagement by working with the other States and the Australasian Procurement and Construction Council
- Strategic management of Contract 777 Retail Electricity by limiting electricity energy cost rise to only 0.5% for the next financial year in the prevailing market conditions where the electricity costs are expected to rise significantly

Sanjay Sridher

Executive Director, Shared Services, Government Services

SES 5 - Salary \$285,300

2011/12 highlights:

- Implemented an organisational restructure to consolidate office space, deliver significant operational efficiencies and customer service improvements
- Improved organisational Key Performance Indicators across all areas of measurement
- Embedded a revised Management Assurance Framework to support clients audit needs
- Implemented the Machinery of Government changes affecting the ServiceFirst customer portfolio

- Responsible for the development of cross sector strategies to deliver progressive reforms and deliver increased sector efficiencies
- Supporting the delivery of the Corporate and Shared Services Reform Program through the executive review of the program and the development of the Service First and Client Operating Process Standards and Blueprint

Tony Newbury

Executive Director and Chief Commissioner of State Revenue, Office of State Revenue SES 6 - Salary \$ \$320,650

2011/12 highlights:

- OSR collected over \$18.2 billion in tax revenue including \$299 million through compliance programs
- Established a new debt management branch to give greater focus to collection of overdue taxes and fines debt
- Established a program to outsource overdue fines debt to private sector collection agencies
- Collected over \$750 million in overdue tax debt and \$210 million in overdue fines debt
- Implemented legislation for the Regional Relocation Home Buyers Grant Scheme, the First Home – New Home Scheme, the Payroll Tax (Disability Employment) Rebate Scheme and the Jobs Action Plan Payroll Tax Rebate Scheme in addition to other amendments to the taxes and fines legislation. All legislation passed through both Houses of Parliament without amendment
- 86% of clients are satisfied with the services OSR provides and 86% agreed that OSR staff are courteous and professional
- successfully defended over 90% of taxpayer appeals lodged with the Administrative Decisions Tribunal and the Supreme Court

Des Mooney

Registrar-General, Surveyor-General, General Manager, Land and Property Information SES 5 - Salary \$304,984

2011/12 highlights:

- Ensured continuing business sustainability:
 - Maintained profitability by implementing financial reforms and exceeded profit targets against a background of a soft property market
 - Implemented a new 2012-15 LPI Strategic Plan, aligned with NSW 2021 goals
 - Commenced implementation of the Vision 2020 workforce development plan
- Pursued whole of government initiatives:
 - Led development of the Intergovernmental Agreement for national electronic conveyancing, now signed by seven participating jurisdictions
 - Worked to deliver a comprehensive property addressing system in collaboration with local council
 - Captured and provided high level resolution aerial imagery to assist emergency services through the January/February flood disasters
- Developed and streamlined products and services:

- Extended the real time precise positioning coverage to 87% of NSW with the addition of 32 Continually Operating Reference Stations
- Reduced the risk of fraud in conveyancing through introduction of new obligations via the *Real Property Amendment Regulation 2011*
- Improved the accuracy and completeness of the Government Property Register and released the improved spatial viewer
- Implemented a complex land valuation program to prioritise properties at greatest risk of valuation error
- Included Roads and Maritime Services (RMS) on the Central Register of Restrictions to streamline responses to conveyancing property inquiries through an online service

Anthony Lean

Deputy Director-General, Policy and Executive Services

Date of appointment: 9 March 2012

SES 6 - Salary \$305,000

2011/12 highlights:

- Overseeing development of the ICT Strategy 2012 for the NSW Government
- Provided strategic policy advice in relation to the government's procurement reform program, including development of a new legislative framework
- Provided high level Ministerial and executive support, particularly in relation to the establishment of Finance and Services
- Overseeing the department's legal, audit and governance functions
- Delivered high level policy advice on a range of strategic issues, including construction policy, metropolitan water policy (including the desalination refinancing), and state infrastructure contributions

John Hubby

Deputy Director-General, Corporate Services

Date of appointment: 2 April 2012

SES 6 – Salary \$290,000

2011/12 highlights:

The Deputy Director-General, Corporate Services is a newly created role. Since joining the department in April 2012, John's achievements are as follows:

- Led the DFS Corporate Operating Model project. The Corporate Operating Model (COM) project is designed to further the implementation of the Blueprint for Corporate and Shared Services Reform and achieve benchmark costs in support services. The project's aims are to develop and implement design principles, and implement revisions to support functions in order to eliminate duplication and lower the department's costs beginning in 2012/13
- Created the new Chief Procurement function for the organisation including the establishment of a Chief Procurement Officer. This function and role will provide strategic governance and policy direction for DFS's internal procurement activities. This role aligns with plans for the revised Corporate Operating Model, and will lead the delivery of procurement efficiencies and procurement savings within DFS

- Revised and finalised the role of the Department's Chief Information Officer and commenced permanent recruitment to the role. This role is designed to strengthen governance of technology plans and investment in the department, deliver efficiencies and savings, and support the Corporate Operating Model
- Initiated alignment of the internal Department ICT strategy with the whole of government ICT Strategy 2012
- Developed a coherent and unified whole of department branding strategy for recruitment
- Implemented the Expense Management System improving timeliness and efficiency in credit card acquittals

Sajeev George

Chief Financial Officer

Date of appointment: commenced as Acting Chief Financial Officer on 26 March 2012 and appointed Chief Financial Officer on 2 July 2012.

SES 6 – Salary \$269,526

2011/12 highlights:

- Ensured the delivery of savings targets for 2011/12 and achieved better than budget financial performance through ongoing financial analysis, financial control, and reporting
- Finalised DFS's 2012/13 budget and forward estimates incorporating significant savings targets, and developed savings strategies in conjunction with divisions and business units to achieve the savings targets
- Developed the new Corporate/Executive Services Cost Allocation Model with main focus on improved cost control and 'benchmark' cost allocation to business units
- Implemented strategies to improve the quality and timeliness of statutory financial statements and ensure DFS' compliance with revised annual reporting requirements
- Developed the framework for harmonisation of Financial Policies across the DFS cluster with key policies progressively being made available to staff
- Directed major reviews around revenue collection and reconciliation, GST cluster arrangements and compliance, and financial governance framework in business units
- Formed the DFS Cluster Finance Managers Forums to ensure consistent financial management practices and culture across the cluster
- Enhanced client relationship management with strong customer focus and partnership with both internal and external stakeholders

Colleen Dreis

Acting General Counsel

Date of appointment: 9 January 2012

SES Level 5 - Salary \$247,301

2011/12 highlights:

- Successful introduction of new legislation, *Public Sector Employment and Management Amendment (Procurement of Goods and Services) Act 2012*, to reform NSW Government procurement making it easier for enterprises (including small and medium enterprises) to do business with NSW Government

- Simplified suite of non-ICT procurement contracts to support NSW Government procurement reform
- Prepared Procure IT version 3 contract and various modules
- Negotiated major contracts and resolved disputes
- Promoted and led strategies for legal staff engagement across the department and its related entities moving toward a virtual integration of legal branches across the cluster
- Provided strategic legal advice to support a number of major initiatives including delivery of data centres and refinancing the Sydney Desalination Plant
- Provided strategic legal advice to support cross government initiatives regarding asset utilisation
- Commencement of Review of Just Terms compensation legislation

There were no performance payments made within the reporting period.

9.25 Waste reduction and purchasing policy

The DFS has continued to build on previous work to apply the Waste Reduction and Purchasing Policy (WRAPP) by further reducing waste, increasing resource recovery (recycling and reuse) and purchasing recycled content materials including:

- The promotion of recycling and waste reduction across the department
- Committing to using paperless systems wherever possible to minimise the consumption of paper
- Introducing the new expense management system which has resulted in significant reductions in printing of statements through the use of online reconciliations.

The refurbishment of the McKell Building, located at Haymarket, continues to improve the building's energy conservation features.

The DFS has also developed and implemented a sustainability action plan for McKell building to improve its waste management, water and energy consumption efficiencies. These initiatives have contributed to:

- Reduction of general waste from 95% to 54%
- Increase in recyclable waste from 5% to 30%
- Increase in organic waste from 0% to 16%
- 12.5% reduction in energy consumption
- 10.5% reduction in water consumption
- 9.5% reduction in carbon (CO₂) emissions
- Improvement in McKell's NABERS ratings – 4 stars for both water and energy.

The (CO₂) emissions for the department were reduced from 107,943 kgs of (Dec 2010 - May 2011) to 86,746 kgs (Dec 2011 - May 2012). This reduction reflects a range of initiatives including the increased use of video conferencing as well as the new arrangement for the provision of overnight accommodation for departmental staff travelling on official business.

Way forward

Staff are encouraged to make use of video and multipoint video conferencing to conduct meetings within the agency to reduce the carbon footprint caused through travel.

The Waste Management Strategy aims at increasing the current commercial and industrial recycling rate of 50% to an estimated 80% by 2014. This will exceed the NSW Government target of 76% by 2014 (required by the *Waste Avoidance and Resource Recovery Act 2001*).

The Land and Property Information division continued its focus on complying with the Sustainability Policy for NSW Government by maintaining best practice in sustainable procurement and in recycling.

9.26 Department of Finance and Services and related entities offices

This report is available from the Department of Finance and Services' website, www.services.nsw.gov.au/about-us/annual-reporting.

For access to regional office information, contact the relevant division/entity.

Department of Finance and Services

McKell Building
2-24 Rawson Place
Sydney NSW 2000

Tel: (02) 9372 8877
Fax: (02) 9372 8640

www.services.nsw.gov.au

Hours: 8:30am – 5:30pm

Divisions

Housing and Property Group

223-239 Liverpool Road
Ashfield NSW 2131

Tel: (02) 8753 8000
Fax: (02) 8753 8888

www.services.nsw.gov.au

Hours: Mon to Fri 8.30am – 4.30pm

Office of Finance

1 Prince Albert Road
Queens Square
Sydney NSW 2000

Tel: (02) 9372 8023

www.services.nsw.gov.au

Hours: 8:30am – 5:30pm

NSW Public Works

McKell Building
2-24 Rawson Place
Sydney NSW 2000

Tel: (02) 9372 8949
Fax: (02) 9372 7499

www.publicworks.nsw.gov.au

Hours: 9:00am – 5:00pm

NSW Fair Trading

1 Fitzwilliam Street
Parramatta NSW 2150

PO Box 972
Parramatta 2124

Tel: (02) 9895 0111
Fax: (02) 9895 0222

www.fairtrading.nsw.gov.au

Hours: 8:30am – 5:00pm

NSW Industrial Relations

McKell Building
2-24 Rawson Place
Sydney NSW 2000

Tel: 131 628
Fax: (02) 9020 4700

www.industrialrelations.nsw.gov.au

Hours: 8:30am – 5:00pm

Office of State Revenue

Lang Centre, corner Hunter and Marsden Streets
Parramatta NSW 2150

GPO Box 4042
Sydney NSW 2001

Tel: (02) 9689 6200
Fax: (02) 9689 6464

www.osr.nsw.gov.au

Phone enquiries: 8:30am – 5:00pm
Counter services: 8:30am – 4:30pm

Government Services

McKell Building
2-24 Rawson Place
Sydney NSW 2000

Tel: (02) 9372 8877
Fax: (02) 9372 8640

www.services.nsw.gov.au

Hours: 8:30am – 5:30pm

Land and Property Information

1 Prince Albert Road
Queens Square
Sydney NSW 2000

GPO Box 15
Sydney NSW 2001

T: (02) 9228 6666
F: (02) 9233 4357

www.lpi.nsw.gov.au

Hours: 8:30am - 4:30pm

Department of Finance and Services related entities

Australian Centre for Advanced Computing and Communication (ac3)

Office address

Bay 8
Locomotive Workshop
2 Locomotive St
Australian Technology Park
Eveleigh NSW 2015

Postal address

Suite 7002
Locomotive Workshop
2 Locomotive St
Australian Technology Park
Eveleigh NSW 2015

Tel: (02) 9209 4600
Fax: (02) 9209 4611
info@ac3.com.au

www.ac3.com.au

Geographical Names Board

346 Panorama Avenue
Bathurst NSW 2795

Tel: (02) 6332 8214
Tel: 1800 025 700
Fax: (02) 6332 8217

www.gnb.nsw.gov.au

NSW Government Telecommunications Authority

McKell Building
2-24 Rawson Place
Sydney NSW 2000

Tel: (02) 9372 8877
Fax: (02) 9372 7070

www.services.nsw.gov.au

Hours: 8:30am – 5:30pm

State Contracts Control Board

Level 22
McKell Building
2-24 Rawson Place
Sydney NSW 2000

Tel: (02) 9372 8840
Fax: (02) 9372 7533

secretariat.sccb@services.nsw.gov.au

Hours: 8:30am – 5:30pm

10. Department of Finance and Services (DFS) compliance checklist

Compliance heading	Section in the annual report	Page
Access	Appendix 9.26 DFS offices	361
Additional matters for inclusion in annual reports PPIPA	Corporate Governance – Accessing Department of Finance and Services information	20
Annual report production cost and availability	Appendix 9.2 Annual report preparation	296
Aims and objectives	Strategic objectives what we do	16 10
Budgets	Financial highlights	6
Charter	Who we are	8
Consultants	Appendix 9.3 Consultants	297
Consumer response	Appendix 9.4 Consumer response	299
Credit card certification	Appendix 9.5 Credit card certification	302
Disability plans	Appendix 9.8 Disability action plan	305
Disclosure of controlled entities	Appendix 9.6 Disclosure of controlled entities	302
Equal employment opportunity	Appendix 9.7 Employment and equal opportunity statistics	302
Financial Statements	Financial Statements section	162
Funds granted to non-government community organisations	Appendix 9.12 Funds granted to non-government community organisations	313
Government Information (Public Access) Act 2009	Corporate Governance – Accessing Department of Finance and Services information Appendix 9.13 Government Information (Public Access) Statistics	20 324
Human resources	Corporate Services highlights Appendix 9.9 Employment relations policies and practices Appendix 9.7 Employment and equal opportunity statistics	47 306 302
Identification of audited financial statements	Financial Statements	162
Internal audit and risk management policy attestation	Corporate Governance – Internal audit and risk management Appendix 9.23 Risk Management, attestation and insurance activities	18 348
Implementation of Price Determination	Appendix 9.16 Implementation of Price Determination	328

Compliance heading	Section in the annual report	Page
Land disposal	Appendix 9.15 Land disposal	328
Legal change	Appendix 9.17 Legislation administered	328
	Appendix 9.18 Legislative changes	333
	Appendix 9.19 Significant judicial decisions	339
Letter of submission	Letter of submission	1
Liability management performance	Not applicable	
Management and activities	Highlights 2011/12	24
	Corporate performance management	16
	Corporate Governance	18
Management and structure	About Department of Finance and Services	8
Multicultural policies and services program (formerly EAPS)	Appendix 9.10 Multicultural policies and services program plan	309
Occupational Health and Safety	Appendix 9.11 Occupational health and safety	311
Payment of accounts	Appendix 9.1 Accounts payable performance	295
Performance and numbers of executive officers	Appendix 9.7 Employment and equal opportunity statistics	302
	Appendix 9.24 Senior Executive Service Performance	351
Promotion	Appendix 9.20 Overseas travel	344
Public interest disclosures	Appendix 9.21 Public interest disclosures	346
Requirements arising from employment arrangements	Corporate Governance	18
	Appendix 9.7 Employment and equal opportunity statistics	302
	Appendix 9.24 Senior Executive Service Performance	351
Research and development	Appendix 9.22 Research and development	347
Risk management and insurance activities	Corporate Governance	18
	Appendix 9.23 Risk Management, attestation and insurance activities	348
Summary review of operations	Financial highlights	6
	Highlights 2011/12	24
	Corporate performance management	16
Waste	Appendix 9.25 Waste reduction and purchasing policy	360

Index

Highlights 2011/12	24	NSW Land and Housing Corporation Annual Report	67
About the Department of Finance and Services	8	NSW Land and Housing Corporation Appendix	138
Access to DFS offices	361	NSW Public Works	27
Audit and compliance	19	NSW Fair Trading	29
Australian Centre for Advanced Computing and Communication Pty Ltd (ac3) Annual Report	65	NSW Industrial Relations	34
Australian Centre for Advanced Computing and Communication Pty Ltd (ac3) Financial Statements	274	NSW Government Telecommunications Authority (Telco)	62
Consultants	297	NSW Government Telco Authority Financial Statements	218
Consumer response	299	Multicultural Policies and Services Program	309
Corporate governance	18	Office of Finance	25
Corporate performance	16	Office of State Revenue	39
Credit card certification	302	Organisation chart	12
Director-General's message	5	Overseas travel	344
Disability action plan	305	Payment of accounts	295
Employment relations policies and practices	306	Policy and Executive Services	43
Employment statistics	302	Principal officers	13
Equal Employment Opportunity (EEO)	302	Privacy management plan	327
Financial highlights	6	Public interest disclosure	346
Financials, Department of Finance and Services	162	Registrar-General's Report	156
Financials, NSW Land and Housing Corporation	84	Related entities reports	49
Financials, Waste Assets Management Corporation	239	Senior Executive Service performance	351
Funds granted to non-government community organisations	313	Significant judicial decisions	339
Geographical Names Board of NSW Report	157	State Contracts Control Board	49
Government Services	36	Strategic priorities	16
Government Information (Public Access)	324	Surveyor-General's Report	155
Housing and Property Group	24	Valuer-General Report, Office of	149
Land and Property Information	41	Waste Assets Management Corporation Annual Report	55
Legislation administered	328	Waste Assets Management Corporation Financial Statements	239
NSW Land and Housing Corporation Financial Statements	87	Waste and purchasing policy	360

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QUICK REFERENCE GUIDE

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www.services.nsw.gov.au

Housing and Property Group

223-239 Liverpool Road
Ashfield NSW 2131
Tel: (02) 8753 8889
www.services.nsw.gov.au

Office of Finance

1 Prince Albert Road
Queens Square
Sydney NSW 2000
Tel: (02) 9372 8387
www.services.nsw.gov.au

NSW Public Works

McKell Building
2-24 Rawson Place
Sydney NSW 2000
Tel: (02) 9372 8949
www.publicworks.nsw.gov.au

NSW Fair Trading

1 Fitzwilliam Street
Parramatta NSW 2150
PO Box 972
Parramatta 2124
Tel: (02) 9895 0111
Fax: (02) 9895 0222
www.fairtrading.nsw.gov.au

NSW Industrial Relations

McKell Building
2-24 Rawson Place
Sydney NSW 2000
Tel: 131 628
www.industrialrelations.nsw.gov.au

Government Services

McKell Building
2-24 Rawson Place
Sydney NSW 2000
Tel: (02) 9372 8877
www.services.nsw.gov.au

Office of State Revenue

Lang Centre
Corner Hunter & Marsden Streets
Parramatta NSW 2150
GPO Box 4042
Sydney NSW 2001
Tel: (02) 9689 6200
www.osr.nsw.gov.au

Land and Property Information

1 Prince Albert Road
Queens Square
Sydney NSW 2000
GPO Box 15
Sydney NSW 2001
T: (02) 9228 6666
www.lpi.nsw.gov.au

Geographical Names Board

346 Panorama Avenue
Bathurst NSW 2795
Tel: 1800 025 700
www.gnb.nsw.gov.au

State Contracts Control Board

Level 22 McKell Building
2-24 Rawson Place
Sydney NSW 2000
Tel: (02) 9372 8840
www.nswbuy.com.au

Australian Centre for Advanced Computing and Communication (ac3)

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Australian Technology Park
Eveleigh NSW 2015
Tel: (02) 9209 4600
www.ac3.com.au

NSW Government Communication Authority (Telco)

McKell Building
2-24 Rawson Place
Sydney NSW 2000
Tel: (02) 9372 8877
www.services.nsw.gov.au

NSW Land and Housing Corporation

223-239 Liverpool Road
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Tel: (02) 9685 4960

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