



New South Wales  
**TREASURY**

# **Annual Report 2008 - 2009**

**Office of Financial Management**  
**[www.treasury.nsw.gov.au](http://www.treasury.nsw.gov.au)**

## Acronyms list

AASB	Australian Accounting Standards Board
ABS	Australian Bureau of Statistics
ANZSOG	Australian New Zealand School of Government
BFMD	Budget and Financial Management Directorate
CAF	Council for the Australian Federation
CGC	Commonwealth Grants Commission
CMU	Corporate Management Unit
COAG	Council of Australian Governments
EESD	Environment and Economic Services Directorate
FED	Fiscal and Economic Directorate
FMF	Financial Management Framework
GAAP	Generally Accepted Accounting Principles
GFS	Government Finance Statistics
GSP	Gross State Product
GST	Goods and Services Tax
HFE	Horizontal Fiscal Equalisation
HSSD	Human and Social Services Directorate
ICT	Information and Communication Technology
IGA	Inter-Governmental Agreement
IMF	International Monetary Fund
IPART	Independent Pricing and Regulatory Tribunal
IPAA	Institute of Public Administration Australia
LPI	Land and Property Information NSW
MCE	Ministerial Council on Energy
NCC	National Competition Council
NCOS	Net Cost of Services
NCP	National Competition Policy
NFL	Net Financial Liabilities
NPP	National Partnership Payment
OFM	Office of Financial Management
OH&S	Occupational Health and Safety
OIM	Office of Infrastructure Management
OSR	Office of State Revenue
PAC	Public Accounts Committee
PAFA	Public Authorities (Financial Arrangements) Act
PAR	Performance Agreement and Review
PF&A	Public Finance and Audit Act
PFP	Privately Financed Project
PMBS	Performance Management and Budgeting System
PPP	Public Private Partnership
RBA	Reserve Bank of Australia
RSP	Results and Services Plan
S&P	Standard and Poors
SBI	Statement of Business Intent
SCI	Statement of Corporate Intent
SiCorp	NSW Self Insurance Corporation
SOC	State Owned Corporation
SIS	State Infrastructure Strategy
SPP	Specific Purpose Payments
TAM	Total Asset Management
TCorp	NSW Treasury Corporation
TMF	Treasury Managed Fund
TOES	Treasury On-line Entry System
TPP	Treasury Policy and Guidelines Paper
VFI	Vertical Fiscal Imbalance



New South Wales  
TREASURY

The Hon Eric Roozendaal MLC  
Treasurer  
Governor Macquarie Tower  
1 Farrer Place  
SYDNEY NSW 2000

Dear Treasurer

I have pleasure in submitting the Annual Report of the NSW Treasury's Office of Financial Management for the financial year ended 30 June 2009, for presentation to the Parliament of New South Wales in accordance with the Annual Reports (Departments) Act 1985.

The Report contains the Consolidated Financial Statements for Treasury, covering both the Office of Financial Management and the Office of State Revenue. A report on the operations of the Office of State Revenue is submitted separately in a second volume.

A third volume contains the financial statements for the Crown Entity and its commercial activities. Treasury is responsible for managing Crown finances, which concern public sector wide assets, liabilities and transactions that are the overall responsibility of government and not individual agencies.

Yours sincerely

Michael Schur  
Secretary  
31 October 2009

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31 October 2009  
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NSW Treasury consists of the **Office of Financial Management (OFM)**

and the **Office of State Revenue (OSR)**

Each office functions as an independent organisation

OFM provides economic advice and financial management and services to the Government. OSR collects and administers state taxes and outstanding fines and penalties and oversees several grant and rebate schemes.

This volume of Treasury's Annual Report details OFM's performance in applying its corporate plan, which outlines the strategic framework for managing the State's finances. That framework supports achievement of State Plan priorities: primarily retaining NSW's Triple A credit rating and maintaining, and investing in, State infrastructure. As the lead agency OFM is responsible for these two priorities, working with other Government agencies.

The Corporate Plan framework provides the context for OFM's operations, outlining our mission, the results we seek to influence and the strategies we apply to maximise the impact of our services. The Plan provides the structure for our internal and external performance reporting. It sets the context for OFM's Results and Services Plan and the performance agreements of the Secretary and all OFM officers.

This annual report outlines achievements and progress being made towards OFM's planned results due to our strategies, and the services that support them.

Result indicators track progress towards planned results. Service measures allow the standard of our services to be monitored. Efficiency measures reveal how OFM operates as an organisation.

OFM's annual report refers to the NSW Self Insurance Corporation (SICorp), a statutory authority managed by OFM. Full details of SICorp operations are published in its own separate annual report.

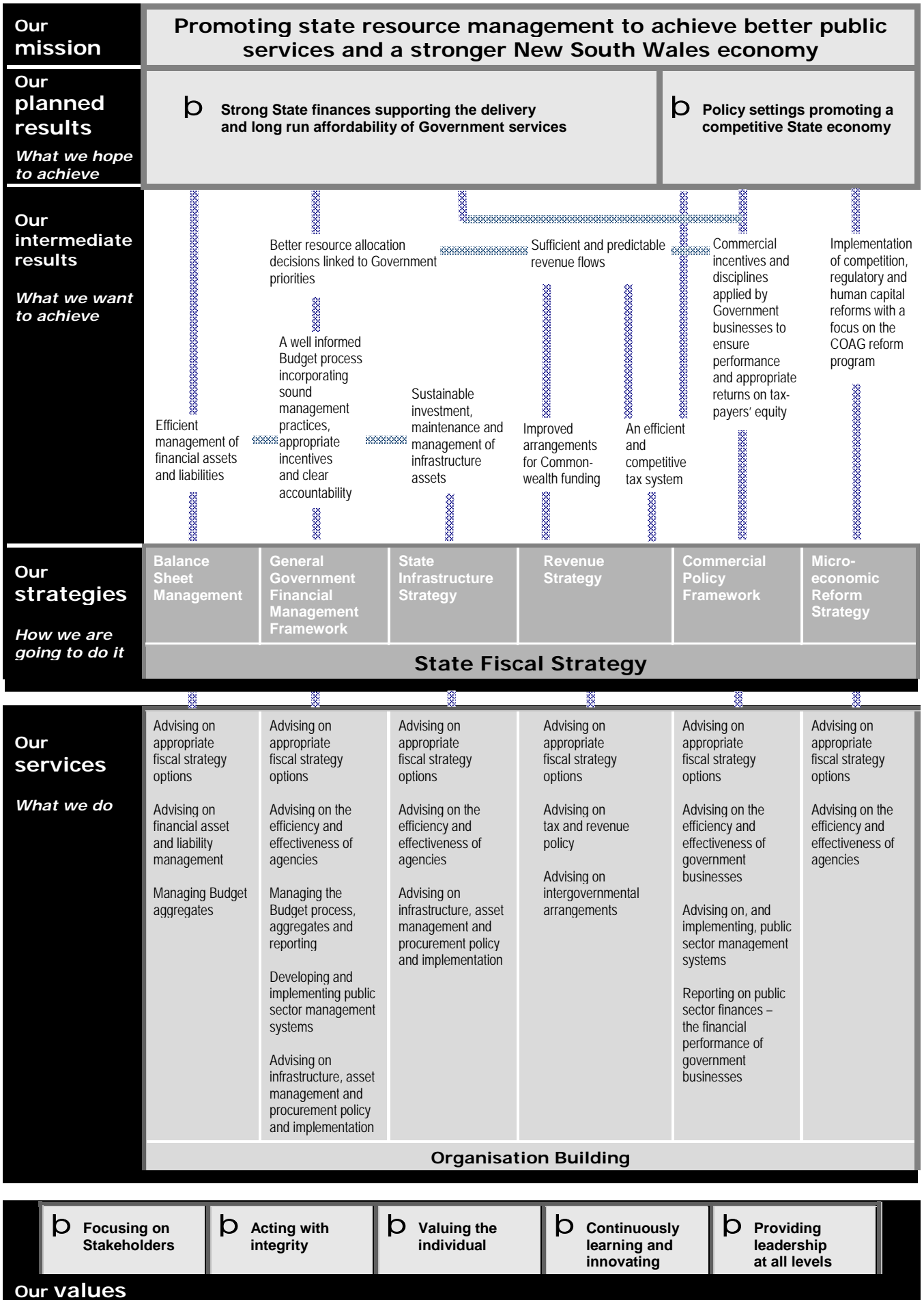
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Treasury OFM on a page



# overview of OFM's performance in 2008-09

## Secretary's message

Dear readers

I feel very honoured to present my first Secretary's Message for OFM's annual report. I have appreciated working with the Treasurer, other ministers, and with my colleagues in Treasury and other agencies, as we tackle the effects of the economic and financial challenges that confront New South Wales and other governments, and treasuries, across the globe.

Treasury is a great organisation with a proud tradition and long history of providing professional and effective advice on managing the State's finances. I was reassured to take over the reins of a Treasury whose sound financial advice over many years has contributed to a strong state balance sheet. This places NSW in a good position to address the impacts of the world wide economic downturn.

The people make an organisation, and its reputation reflects the calibre of those people. I am proud to lead such an outstanding team of Treasury officers.

I am also grateful for the legacy left by my predecessor, John Pierce, who was Secretary for 12 years before his departure in December 2008. John was instrumental in advising on and applying the State fiscal strategy that has supported strong State finances and the Triple A credit rating. John also nurtured OFM to operate according to an agreed set of values, and I share that conviction.

To all OFM officers, thank you for your efforts during 2008-09. We supported the Government with our advice on the impacts of the global financial crisis and the responses to it. Our work included preparing the November Mini Budget and the State Budget for 2009-10.

The rating agencies commented positively. NSW's triple A credit rating was confirmed, and returned to a stable outlook. Yet we cannot underestimate the challenges ahead. Retaining the Triple A depends on setting up and running those announced strategies plus future responses to ongoing pressures.



The global challenges present us with a different environment. Now more than ever it is vital that we understand our stakeholders' needs, so that we can work together to maintain the strength of the State's economy and finances.

We have a joint responsibility to ensure that the Government's 2009-10 Budget and its strategies to stimulate the economy and support jobs with a record infrastructure program are delivered. Treasury has the key role in implementing elements of the Government's *Better Services and Value Plan*. Ultimately, retaining the Triple A will show how well the Government's strategies are implemented.

For OFM, we must continue with our business improvement program so that our officers are supported with the best possible systems and technology.

I will make sure our planning is more effective and integrated with our corporate development activity, to help us grow and set up financial management strategies. These strategies must benefit not only current generations, but also those to follow.

I know that 2009-10 will be a year of hard work with many challenges. I am also sure that it will be rewarding and satisfying when we see all we have accomplished.



Michael Schur  
SECRETARY

## overview of OFM's performance in 2008-09

<b>Triple A retained</b>
<b>Moody's</b>
<p>"...NSW's rating reflects a sound record of financial performance, low debt burden and sizeable and diverse economic base.</p> <p>"While the state's financial flexibility and low debt burden position it well to face a less supportive environment, corrective measures will become increasingly important to maintain the state's favourable position.</p> <p>"the debt burden is projected to rise significantly.....however, the moderate starting point provides the state with room to take on a heavier debt load."</p> <p style="text-align: right;">21 January 2009</p>

### Achievements

<b>Strong State finances supporting the delivery and long run affordability of Government services</b>	
b	Advised the Government on the impact of the Global Financial Crisis on the State's finances, and appropriate responses within the framework of the State Fiscal Strategy. <i>See page 20</i>
b	Advised on the formulation of the November 2008 Mini Budget to respond to pressures on State finances due to the global economic downturn and rejection of the Government's energy reform legislation, which had led to a negative outlook being applied to NSW's credit rating. <i>See pages 16, 20, 23, 24, 26, 34</i>
b	Advised on the formulation of the 2009-10 State Budget, and coordinated its preparation. The Budget provided for record infrastructure investment over the Budget and forward years, supporting up to 160,000 jobs a year.  The Budget resulted in the outlook for NSW's Triple A credit rating being returned to stable. <i>See pages 16, 20, 22, 24</i>
b	Applied the Performance Management and Budgeting System to ensure Budget support for the Government's State Plan priorities. Streamlined the Results and Service Plan process and focused 2009-10 Budget Paper reporting on State Plan performance indicators. <i>See page 22</i>
b	Oversighted the implementation of recommendations arising from the 2008 review of public sector internal audit and risk management arrangements. <i>See page 22</i>
b	Linked long term capital planning with the Budget cycle for more effective planning and delivery of infrastructure, to be supported with a new Capital Performance Management System. <i>See pages 24, 25</i>
b	Advised on the use of public sector procurement policy to support delivery of government services and other policy objectives such as support for small businesses and jobs. <i>See page 24</i>
b	Reviewed the infrastructure contributions payable by developers to ensure that they support housing and employment growth targets in NSW. Recommendations were approved in December 2008 and are being implemented. <i>See page 25</i>
b	Reviewed NSW's best practice guidelines for Public Private Partnership infrastructure arrangements to ensure consistency with Infrastructure Australia's national guidelines. <i>See page 25</i>
b	Advised on the negotiation and implementation of new arrangements for specific purpose payments and national partnership payments arising from the COAG reform program. <i>See pages 27, 30</i>
b	Implemented the public sector wages policy to contain the largest component of government expenditure and ensure the long run affordability of services. Wage agreements were successfully concluded covering approximately 50 bargaining groups. <i>See page 28</i>
b	Advised on affordable and effective responses to special commissions of inquiry into Child Protection (Wood Report) and Delivery of Acute Services in Public Hospitals (Garling Report). <i>See page 28</i>

# overview of OFM's performance in 2008-09

## Achievements

Policy settings promoting a competitive State economy	
b	Participated in the NSW public sector's implementation of the COAG reform agenda which focuses on human capital to enhance workforce participation and increase productivity. <i>See page 30</i>
b	Advised on, and participated in, the implementation of initiatives in the Commonwealth fiscal stimulus package, including infrastructure projects. <i>See pages 10, 30</i>
b	Advised the Government on an alternative strategy to secure the State's energy supply. Oversighted the setting up and commencement of implementation arrangements. <i>See page 31</i>
b	Managed the tender for the appointment of a service provider to assess the credit ratings of commercial agencies that benefit from the Government Guarantee Fee. <i>See page 33</i>
b	Investigated the sale or licence of Government businesses identified in the November 2008 Mini Budget and proceeded with the implementation of approved action in respect of NSW Lotteries, WSN Environmental Solutions, Pillar and RTA Special Number Plates business. <i>See page 34</i>
Organisation building ensuring a values-based organisation that supports achievement of business results	
b	Strengthened OFM's business information systems with enhanced budget management and monitoring tools. <i>See page 36</i>
b	Developed OFM's capability to provide evidence based advice, including the application of new templates for Treasury advice to better present the evidence on which the advice is based. <i>See page 36</i>
b	Developed and applied internal Directorate and Branch work plans and associated performance management arrangements to operationalise OFM's corporate plan for 2008-2011. <i>See page 36</i>
b	Met annual targets for operational performance <ul style="list-style-type: none"> <li>- timely attention to correspondence and work plan projects</li> <li>- staff development activity</li> <li>- operation within budget</li> </ul> <i>See pages 15, 36, 38</i>

Triple A retained
Standard and Poor's
<p>"NSW's rating reflects its moderately strong balance sheet, diversified economy, demonstrated fiscal discipline, and strong system of government support"...</p> <p>"We do not expect the state's forecast debt levels to affect the rating..."</p> <p style="text-align: right;">22 August 2008</p> <p>"(S&amp;P) has revised to negative its outlook on NSW...reflecting the potential for negative pressure on the state's credit quality following the delayed vote on the proposed sale of the NSW electricity retail assets and long-term lease of the electricity generators."</p> <p style="text-align: right;">28 August 2008</p> <p>"...the mini budget goes some way to reducing the uncertainty about the state's fiscal flexibility... but...the execution of the strategy will be important to returning the outlook to stable."</p> <p style="text-align: right;">10 November 2008</p> <p>"The current economic climate is evolving quickly, and any further significant deterioration in the outlook for state finances could lead us to re-assess the ratings."</p> <p style="text-align: right;">17 March 2009</p> <p>Following the 2009-10 NSW Budget, S&amp;P revised to stable from negative its outlook for NSW:</p> <p>"...reflecting a re-assessment of the state's fiscal flexibility – in particular, the government's ability to make structural improvements to its financial position despite a cyclical deterioration."</p> <p>"The stable outlook reflects our opinion that the government will remain committed to the structural improvement in its budgetary performance."</p> <p style="text-align: right;">16 June 2009</p>

## overview of OFM's performance in 2008-09

Result Indicators		Target	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
<b>Strong State finances supporting the delivery and long run affordability of government services</b>	Maintaining Triple A credit rating for NSW	Triple A	Triple A	Triple A	Triple A	Triple A	<b>Triple A</b>
	Maintaining a downward trend in General Government Sector net financial liabilities compared to GSP	$\leq 7.5\%$ by June 2010 $\leq 6.0\%$ by June 2015	10.4%	8.7%	7.6%	8.4%	<b>12.8%</b>
	Maintaining infrastructure spending over the medium term - average annual nominal growth since 2005-06	Average annual growth since 2005-06: 4.6% over 10 years to 2015-16	na	na	16.9%	15.4%	<b>16.7%</b>
	Deviation of underlying actual expenses from budget	$\leq +1\%$	+2.8%	+0.1%	+0.2%	+1.8%	<b>+2.7%</b>
	Keeping the Budget in surplus	Surplus Result	\$240m	\$1,928m	\$795m	\$977m	<b>-\$897m</b>
	From 2007-08, the adoption of AASB 1049 resulted in investment revenues being treated differently to previous years. Earlier year results are therefore not directly comparable.						
	State superannuation liabilities on track to be fully funded by 30 June 2030	100% by June 2030	67.2%	76.0%	79.1%	69.2%	<b>56.6%</b>
To ensure full funding by the 2030 target, the payments schedule is reviewed as required, including following the triennial funding review.							
NSW's share of GST revenue relative to an equal per capita share	Improved NSW share	0.86750 (review outcome)	0.86846	0.87332	0.89079	<b>0.91060</b>	
Achieving an appropriate rate of return on equity in commercial government businesses	$\geq 7\%$	3.3%	5.4%	6.2%	6.5%	<b>5.3%</b>	
<b>Policy settings promoting a competitive State economy</b>	NSW's total state revenue per capita to be less than the average for the other states	NSW $\leq$ Other States	NSW \$6,145 Others \$6,709	NSW \$6,476 Others \$7,181	NSW \$6,879 Others \$7,572	NSW \$6,712 Others \$7,503	<b>NSW \$6,938 Others \$7,756</b>
		Prior to 2007-08 includes Commonwealth specific purpose "payments through the States" to local government and other bodies. These payments are excluded from 2007-08.					

Planned results may be affected by external factors beyond the control of OFM, or government.

While annual targets for result indicators are not generally applicable, the monitoring of actual data reveals progress towards the results that OFM is ultimately seeking to influence.



## overview of OFM's performance in 2008-09

Service Measures		Target	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Advice on economic and fiscal strategies	OFM's tax revenue estimation variation compared with that of other Treasuries	NSW ≤ Other States	NSW -1.3% Others 6.9%	NSW -2.3% Others 9.4%	NSW 5.5% Others 7.8%	NSW 5.3% Others 9.0%	NSW -3.8% Others -8.4%
	OFM's economic forecasting variation compared with that of other Treasuries	NSW ≤ Other States	NSW 0.6% Others 0.9%	NSW 0.3% Others 0.8%	NSW 0.4% Others 1.0%	NSW 0.6% Others 0.8%	not yet available
Advice on the efficiency and effectiveness of public sector agencies	Percentage of major general government agencies with a finalised Results and Services Plan	100%	93%	94%	100%	100%	94%
	Percentage of required government businesses with a signed Statement of Corporate or Business Intent	100%	SOCs 95% All: 90%	SOCs 100% All 83%	SOCs 100% All 90%	SOCs 100% All 84%	SOCs 95% All 79%
	Deviation of actual government business dividend and tax equivalent payments from Budget estimate	≤ ±10%	-10.1%	-2.6%	+20.7%	+14.9%	+1.9%
Budget management	OFM's general government expenses estimation variation compared with other Treasuries (ABS basis)	NSW ≤ Other States	NSW 2.9% Others 4.0%	NSW 0.4% Others 2.4%	NSW 2.3% Others 2.2%	NSW 3.9% Others 3.4%	not yet available
Infrastructure, asset management and procurement	Percentage of State physical assets covered by a Total Asset Management Plan submission for nominated agencies	100%	New	New	New	98%	98%
Public sector management systems	Percentage of agencies satisfied with OFM's financial management support	≥ 75%	na	77%	na	na	na
Financial asset and liability management	Deviation of actual superannuation, debt and insurance expenses from the Budget estimate	≤ ±10%	-1.5%	-24.7%	-17.9%	-16.7%	15.8%

The quality of OFM's services is generally within its control. Service measures and associated benchmarks ensure accountability for achieving acceptable standards.

## overview of OFM's performance in 2008-09

<i>Organisation efficiency measures</i>		<b>Target</b>	<b>2004-2005</b>	<b>2005-2006</b>	<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>
<b>Staff development and wellbeing</b>	Training days per officer	≥ 5 days	4.9 days	5.2 days	4.5 days	4.5 days	<b>4.9 days</b>
	Staff turnover	≤ 20%	8.6%	13.4%	13.2%	11.3%	<b>10.7%</b>
<b>Project management</b>	Sick days per officer	≤ 5 days	5.0 days	4.2 days	6.0 days	5.6 days	<b>5.5 days</b>
	OFM's actual net cost of services to be less than or equal to its budget allocation	≤ 100%	104.1%	92.3%	93.5%	95.8%	<b>100.0%</b>
	Work Plan major milestones achieved	≥ 80%	77%	82%	84%	82%	<b>85%</b>
	Registered correspondence and projects completed by due date	≥ 80%	83%	83%	83%	86%	<b>83%</b>
<b>Performance management</b>	Staff participating in OFM's Performance Agreement and Review scheme	100%	89%	44%	59%	83%	<b>66%</b>
<b>Adherence to OFM values</b>	Staff believing OFM's values are adhered to	≥ 90%	93%	93%	89%	87%	<b>89%</b>
<b>Agency relations</b>	Percentage of agencies satisfied with their relationship with OFM	≥ 75%	na	73%	na	na	<b>na</b>
	Survey normally conducted every 2 years						



**Deputy Secretary,** Fiscal and Economics  
**Kevin Cosgriff**

**FISCAL AND ECONOMICS DIRECTORATE**

- § Advises on economic conditions and strategy, including microeconomic reform
- § Advises on fiscal strategy, including revenue and inter-governmental financial strategy



**Deputy Secretary,** Budget and Financial Management  
**Mark Ronsisvalle**

**BUDGET AND FINANCIAL MANAGEMENT DIRECTORATE**

- § Coordinates Budget management
- § Undertakes financial asset and liability management
- § Advises on public sector management systems and reform for the general government sector
- § Advises on efficiency and effectiveness of public sector transport and ports agencies



**Deputy Secretary,** Environment and Economic Services  
**Stephen Brady**

**ENVIRONMENT AND ECONOMIC SERVICES DIRECTORATE**

- § Advises on efficiency and effectiveness of public sector agencies in the environment and economic services sector
- § Advises on public sector management systems for the commercial sector
- § Undertakes financial asset and liability management



**Deputy Secretary,** Human and Social Services  
**Caralee McLiesh**

**HUMAN AND SOCIAL SERVICES DIRECTORATE**

- § Advises on efficiency and effectiveness of public sector agencies in the social and human services sector



**Deputy Secretary,** Office of Infrastructure Management  
**Richard Timbs**

**OFFICE OF INFRASTRUCTURE MANAGEMENT**

- § Advises on infrastructure, asset management and procurement
- § Advises on efficiency and effectiveness of public sector agencies in the property and planning sector



**Deputy Secretary,**  
**Philip Mussared**

- § Full time Treasury representative on the NSW Nation Building and Jobs Plan Taskforce

As at 30 June 2009

§ An Asset Management Task Force manages reform strategies for particular public sector businesses. Kevin Cosgriff oversees the energy reform strategy. Stephen Brady oversees action on other announced reforms.

§ A Corporate Management Unit provides advice to the Secretary on corporate support policy and systems.

# adjustments to OFM's structure

## Organisational change

When the former Secretary John Pierce left in December 2008, Michael Schur, then Deputy Secretary, Office of Infrastructure Management became Acting Secretary. After the recruitment process, Michael was permanently appointed as Secretary in March 2009, with responsibility for the strategic and operational leadership of Treasury.

During 2008-09 new appointments also were made to two of OFM's Deputy Secretary positions. After recruitment action, Stephen Brady was appointed Deputy Secretary, Environment and Economic Services on 22 September 2009 and Caralee McLiesh was appointed Deputy Secretary, Human and Social Services on 15 June 2009. Both had acted in the respective positions from 14 July 2008. Previously, Stephen had been Director, Infrastructure and Procurement. Caralee was the Senior Director, Specific Purpose Payments Reform.

Adjustments to OFM's structure were also made in response to emergent organisational demands, including:

- § Reducing Senior Executive Service positions in compliance with the Government's policy for a 20 per cent cut across the public sector. (Two positions were removed from OFM and two from OSR.)
- § Reviewing project management details for the implementation of the Government's revised energy reform strategy, and to support investigation of the potential sales of Lotteries, WSN Environmental Solutions and Pillar, noted in the Mini Budget.
- § Responding to the increased demand for OFM to advise on Human and Social Services Sector issues arising from COAG Reforms, health expenditure issues and the Government's response to the Wood and Garling Inquiries.

To address these matters, some Directors were reallocated and structural changes included:

- § Disbanding the Business Improvement Branch, and transferring responsibility for particular improvement initiatives to operational areas.
- § Renaming and restructuring the Electricity Generation and Retail Taskforce into the Asset Management Taskforce to reflect its extra job to investigate asset sales noted in the Mini Budget.
- § Transferring monitoring responsibility for some agencies between the Branches of the Human and Social Services Directorate and the Environment and Economic Services Directorate, with Branches renamed accordingly.

In early 2009, the NSW Government took action to ensure delivery of the Commonwealth Fiscal Stimulus Package for the State. This includes carrying out infrastructure investment within agreed time frames. A Nation Building and Jobs Plan Taskforce was established in the Department of Premier and Cabinet. In April 2009, a new Treasury Deputy Secretary position was established to support Treasury's role in reporting, monitoring and overseeing the Stimulus Package. Philip Mussared was transferred to this new role to represent Treasury full time on the Taskforce. Recruitment action was taken to fill Philip's previous position – Deputy Secretary, Office of Information Management. In June 2009, Richard Timbs was appointed to this position.

## The year ahead

In June, the 2009-10 State Budget announced the Government's strategy to secure the strength of the State's finances, and retain NSW's Triple credit rating. This includes the implementation of a Better Services and Value Plan, key elements of which are Treasury's responsibility.

Some changes to OFM's structure are taking effect in the new financial year to support the operation of the Plan and the new priorities assigned to OFM. This includes a new position of Deputy Secretary, Expenditure Review and a new Expenditure Review Directorate. A broader organisational review has ensured that OFM is optimally positioned to deliver on the Government's key reforms.

A new Planning and Corporate Development Unit will be responsible for managing an integrated OFM planning process, and continual improvement to internal systems, procedures and practices. The aim is to support the achievement of corporate objectives by our operational Directorates.

The Unit will not be permanently staffed but will draw on relevant parts of Treasury to form virtual teams for specific projects. It will be operational later in 2009 once recruitment action for its Director is finalised.

## executive performance

### Secretary of NSW Treasury *Michael Schur*

Michael Schur MSc(Econ) MComm(Econ) BA(Econ)(Hons)  
Level 8, Remuneration \$362,170  
*Acted from: 1 December 2008, Appointed: 3 March 2009*

### Achievements and Performance Assessment

Under Mr Schur's leadership, the NSW Treasury provided effective financial management and economic advice to the Government, securing the State's finances while taking stimulatory action to combat the impacts of the global financial downturn on NSW. Mr Schur oversaw delivery of the 2009-10 State Budget, and his management has resulted in action to strengthen and ensure OFM's ongoing capability.

Hon Eric Roozendaal  
Treasurer

### Achievements and Performance Assessment

The members of OFM's Executive capably supported the Secretary in providing strategic leadership and operational oversight of OFM. This enabled OFM to deliver on its key accountabilities to the Government, including the maintenance of NSW's triple A credit rating.

### Members of the OFM Executive

Executive members participated in the Performance Agreement and Review Scheme and were assessed as either meeting or exceeding standards for overall performance and adherence to OFM values.

Michael Schur  
Secretary

### *Kevin Cosgriff*

Deputy Secretary, Fiscal and Economic  
MA(Econ) BSc(Hons) Level 6, Remuneration \$316,108

§ Advised on an alternative strategy to secure the State's energy supply and worked with stakeholders to establish the transaction process and commence implementation. Coordinated OFM's involvement with the COAG reform program.

### *Mark Ronsisvalle*

Deputy Secretary, Budget and Financial Management  
PSM, BEc Level 6, Remuneration \$304,924

§ Oversighted preparation of the November 2008 Mini Budget and the 2009-10 State Budget; and preparation of financial performance reports.

### *Stephen Brady*

Deputy Secretary, Environment and Economic Services  
BCom(Hons), LIB(Hons) Level 6, Remuneration \$253,846  
*Acted from: 14 July 2008, Appointed: 22 September 2009*

§ Led investigations into the potential sales of Government businesses identified in the November 2008 Mini Budget, and subsequently oversighted action for approved transactions.

### *Caralee McLiesh*

Deputy Secretary, Human and Social Services  
PhD(Finance), BEc(Hons) Level 6, Remuneration \$254,208  
*Acted from: 14 July 2008, Appointed: 15 June 2009*

§ Advised on and monitored implementation of COAG reforms by NSW human service agencies, and the response to special commissions into Child Protection and Delivery of Acute Services in Public Hospitals.

### *Philip Mussared\**

Deputy Secretary, Office of Infrastructure Management  
BEc(Hons) BA, FCPA Level 6, Remuneration \$316,108

§ Advised on the development of the NSW Government's infrastructure program, including the funding and implementation of infrastructure projects included in the Commonwealth fiscal stimulus package.

\* From July to December 2008, Mr Mussared supported the Secretary with operational management of OFM. From December 2008 he led the Office of Infrastructure Management. From April 2009 he represented Treasury full time on the *Nation Building and Jobs Plan Taskforce*. He also continued as Deputy Secretary OIM until Richard Timb's appointment to that position on 15 June 2009.

**Executive remuneration:** Actual payment received is based on total monetary remuneration and the value of employment benefits as per employment contracts, plus allowances for acting in higher positions. In line with public sector policy, there were no performance related incentive payments.

# OFM's work ethic

OFM's performance depends on the quality of its people and the corporate processes and systems that support them.

The strategies to develop the abilities and skills of our staff are outlined in our *Human Resource Plan*. We emphasise staff development opportunities and effective recruitment to enhance our capability.

OFM's Values
OFM is a values-driven organisation.
<b>b</b> <i>Acting with integrity</i>
<b>b</b> <i>Valuing the individual</i>
<b>b</b> <i>Focusing on our stakeholders</i>
<b>b</b> <i>Providing leadership at all levels</i>
<b>b</b> <i>Continuously learning and innovating</i>

OFM's agreed values dictate our work philosophy and appropriate behaviours for OFM and our people.

OFM's code of conduct reflects our values and sets ethical standards to

## OFM's code of conduct

guide our staff.

The code is based on the public's right to expect high levels of integrity and competence from our staff; the Government's right to impartial, accurate advice and prompt policy operation; and the rights and obligations of staff.

Staff can access the code from OFM's intranet.

## OFM's Clients

OFM's principal client is the Treasurer.

We serve the Government and community with the advice and service we provide to the Treasurer.

Our staff; public sector central and line agencies; and government businesses are also major stakeholders.

Other stakeholders include the Parliament, the Auditor-General and IPART, rating agencies, interest groups, the media and the unions.

## OFM's Commitments

**b to the Treasurer**  
Efficient and effective administration of OFM, including successful implementation of Corporate Plan initiatives and delivery of State Plan priorities assigned to Treasury. Accurate, relevant, professional and timely advice and information.

**b to the community**  
Independent and professional advice to decision-makers and access to information.

**b to staff**  
Job satisfaction, personal development and career opportunities and the ability to participate and contribute information. Strong leadership and effective management.

**b to agencies**  
Working in partnership to pursue the successful implementation of financial management reforms with openness, mutual respect and sharing of information.



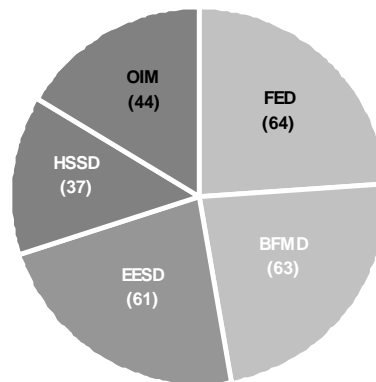
**Staffing**

OFM operated with 269 equivalent full time staff members in 2008-09. Changes in recent years to our staff level and grade profile reflect adjustments to OFM's responsibilities. Increased activities relate to:

- § the COAG reform process, including changed federal funding arrangements
- § the asset sales process.

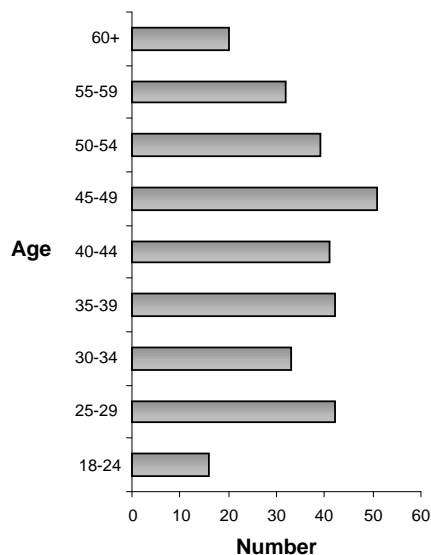
<b>FED</b>	<b>Fiscal and Economic Directorate</b>
<b>BFMD</b>	<b>Budget and Financial Management Directorate</b>
<b>OIM</b>	<b>Office of Infrastructure Management</b>
<b>EESD</b>	<b>Environment and Economic Services Directorate</b>
<b>HSSD</b>	<b>Human and Social Services Directorate</b>

**Directorate Staff**



Executive and support staff are allocated across Directorates on a pro rata basis.

**Staff Age Profile**



# OFM's people

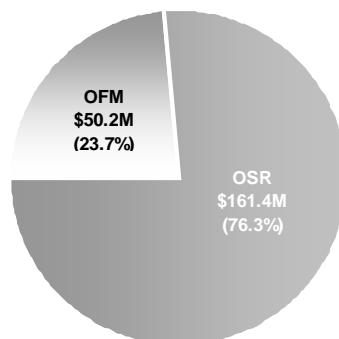
OFM staff number and grades	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Executive	6	6	6	6	7
Branch Directors	20.4	19.6	19.6	21.6	18
Treasury Technical Officers	31.4	32.2	37.4	46.3	46.1
Grade 7-12	114.5	113.3	106.8	118.5	125.4
Grade 3-6	50.6	48	52.2	50.8	58.6
Grade 1-2	3	2.8	2.8	1.8	1.8
Clerical Officer 3/4	0	0	0	0	0
DPO	10	4	8	14	10.5
Indigenous Cadet	0	0	1	2	2
<b>total</b>	<b>235.9</b>	<b>225.9</b>	<b>233.8</b>	<b>261</b>	<b>269.4</b>

OFM Chief Executive and Senior Executive Officers	2004-2005		2005-2006		2006-2007		2007-2008		2008-2009	
	M	F	M	F	M	F	M	F	M	F
Level 8	1	-	1	-	1	-	1	-	1	-
Level 7	-	-	-	-	-	-	-	-	-	-
Level 6	2	-	2	1	5	-	5	-	5	1
Level 5	2	1	2	-	-	-	-	-	-	-
Level 4	-	-	-	-	-	-	-	-	-	-
Level 3	-	1	1	2	2	2	2	3	2	2
Level 2	14.8	4.6	12	4.6	12	3.6	13	3.6	11	3
Level 1	-	-	-	-	-	-	-	-	-	-
<b>total</b>	<b>19.8</b>	<b>6.6</b>	<b>18</b>	<b>7.6</b>	<b>20</b>	<b>5.6</b>	<b>21</b>	<b>6.6</b>	<b>19</b>	<b>6</b>

## Finances

Treasury's budget allocation incorporates the Office of Financial Management (OFM) and the Office of State Revenue (OSR).

### Overall Treasury Expenses



OFM's total expenses were \$50.23 million in 2008-09. This represented 23.7 percent of the total Treasury spend (excluding administered grants).

Expenses in OFM increased by \$2.3 million from the previous year. This increase largely related to employee related costs. Additional staff were required to undertake work associated with transaction projects for electricity, NSW Lotteries and waste services.

OFM carried a number of staff vacancies into the beginning of the year. This resulted in employee related expenditure during the first quarter being under budget.

A change to the employment market resulting from worsening economic conditions enabled this to be rectified during the year and key positions were filled to undertake critical projects. The changed economic environment also resulted in lower staff turnover for the year.

OFM has a small capital allocation of \$0.35 million which was fully spent on the asset replacement program covering computers, printers, office equipment and software. During the year, the allocation was increased by \$0.852 million to:

- § Develop the first stage of a system to replace the Major Capital Project Reporting System (used for reporting on State capital)
- § Develop the NSW Budget website
- § Upgrade the Financial Information System
- § Implement fit outs to achieve improved floor space utilisation.

OFM operated to its budgeted net cost of services (NCOS) in 2008-09. While meeting the required savings plan and efficiency target, actual spending at year end was on budget.

### OFM Expenditure V Budget

Benchmark ≤100%	% of actual NCOS to Budget
2004-2005	104.1%
2005-2006	92.3%
2006-2007	93.5%
2007-2008	95.8%
2008-2009	100%

# OFM's environment

## Economic and fiscal factors

The economic and financial environment in which OFM operates can impact on our ability to achieve the results we plan for. Matters beyond the control of OFM and government can emerge:

- § global shocks,
- § droughts and other natural disasters,
- § Commonwealth Government decisions.

The State Fiscal Strategy ensures the Government is well placed with a strong State balance sheet to combat such unforeseen developments.

OFM advises when specific action is required to address impacts on the State's finances.

## Economic factors

The economic environment changed dramatically in 2008-09. Early in the year, the outlook was for NSW economic growth to slow under the weight of higher domestic interest rates and a slowing global economy.

By mid-September 2008 the collapse of a major American investment bank signalled the beginning of a global financial crisis. Access to credit became difficult and a steep and synchronised downturn in world wide activity ensued at the end of 2008 and early 2009.

As the extent of the downturn became apparent, official forecasts for global activity were revised sharply. In July 2008, the IMF had forecast global growth of 3.9 per cent for 2009. The forecast was revised to 3.0 per cent in October 2008, 2.2 per cent in November 2008, and 0.5 per cent in January 2009. By April 2009, a decline of 1.3 per cent was forecast - the first decline in global activity since World War Two.

The 2008-09 NSW Budget forecast 2 per cent growth in NSW GSP for 2008-09. The progressive deterioration in global and domestic activity saw this reduced to 1.25 per cent in the November Mini-Budget, and it was further revised to 0.25 per cent in the 2009-10 Budget.

For 2009-10, the Mini-Budget forecast 1.5 per cent growth in NSW GSP. The scale of the global downturn, even after significant fiscal and monetary stimulus, saw this forecast revised to a decline of 0.5 per cent in the 2009-10 Budget. A modest recovery was forecast for 2010-11.

The global slowdown was evident in areas of domestic economic activity, which negatively affected the State's revenues:

- § Slowing consumer sentiment and spending had a large impact on GST revenues
- § Brittle confidence and previously higher interest rates lowered transfer duty collections
- § Stalling employment growth affected payroll tax collections
- § Weaker global coal prices reduced coal royalty collections.

Recent indicators suggest that the slowdown in the NSW economy will be less severe than was anticipated when the Budget issued in June 2009.

## Fiscal influences

The 2008-09 Budget forecast a 2008-09 Budget surplus of \$268 million. However, by September 2008 fiscal outcomes and the fiscal strategy were under pressure due to a number of developments:

- § a structural increase in health expenses
- § deterioration in the global and domestic economic outlook
- § Standard & Poor's changed the outlook on the triple-A credit rating from stable to negative.

OFM advised on a response to these developments. The November Mini-Budget reprioritised infrastructure plans and took action to reduce capital spending, increase revenues and reduce costs. The forecast impact of these measures over the four years to 2011-12 is to reduce the capital program by \$890 million, increase revenues by \$3 billion and cut costs by \$3.3 billion. Asset sales of over \$1 billion also were identified and a new electricity reform package was unveiled on 1 November 2008.

The Mini-Budget measures brought expenses growth back into alignment with long-run average revenue growth, a key condition for fiscal sustainability. The operating result was projected to be a deficit of \$917 million in 2008-09, but returning to surplus in 2009-10.

The Mini-Budget measures were implemented or were on track. However, a further deterioration in economic conditions and outlook in the first half of 2009 meant that by the 2009-10 Budget, budget deficits were projected to extend for a number of years beyond 2008-09. Relative to the 2008-09 Budget, the cyclical deterioration in the economy had reduced state revenues by \$10 billion over the four years to 2011-12.

OFM responded, advising on strategies to support the economy in the short-term while returning the budget to surplus as the economy recovers. The 2009-10 Budget contained temporary and targeted measures to support the economy. A Better Services and Value Plan will keep expense growth to levels that will allow higher revenues to be used to repay debt as the economy recovers. The 2009-10 Budget projects a return to budget surpluses from 2011-12.

# priorities for the year ahead – 2009-10

## OFM'S STRATEGIC FRAMEWORK

**p** The Strategic Framework outlined in OFM's corporate plan will continue to provide the context for our operations.

**p** We will ensure that our services and strategies continue to target our planned results.

VALUES	MISSION
	RESULTS
	STRATEGIES
	SERVICES
	ORGANISATION BUILDING

## Strong state finances supporting delivery and long run affordability of Government services

Continuing to advise on the application of the *State Fiscal Strategy* to ensure appropriate service delivery and investment in infrastructure, while promoting fiscal outcomes that preserve the strength of the State's balance sheet:

### Priority

- § Advise on strategies to improve State finances.
- § Apply the Government's public sector wages policy.

Utilising the *Financial Management Framework* for General Government agencies to link budgeting and planning and assist agencies deliver value for money programs and services:

### Priority

- § Advise on and monitor the implementation of measures announced in the November Mini Budget and the 2009-10 Budget.
- § Monitor the efficiency of government agencies.
- § Assist with the implementation of Government initiatives to strengthen State finances, including elements of the Better Services and Value Plan for which OFM is responsible.

Applying and monitoring the *State Infrastructure Strategy* to provide necessary public infrastructure maintenance and investment while ensuring consistency with the State Fiscal Strategy:

### Priority

- § Implement the Capital Performance Management System to better manage the planning, budgeting and monitoring of agency performance on capital expenditure.

## Policy settings promoting a competitive state economy

Pursuing *Microeconomic Reform* to ensure an efficient policy and regulatory environment:

### Priority

- § Participate in the implementation of the Council of Australian Governments' reform program.
- § Advise on, and participate in the implementation of, asset transactions approved by the Government.

## OFM Organisation Building

Building a values-based organisation – strengthening our capability, support systems and stakeholder alliances to support the achievement of our planned results:

### Priority

- § Ensure more effective OFM operation by integrating our planning and corporate development activity.

## Our performance in 2008-09

### Strong State finances supporting the delivery and long run affordability of government services

Planned Results	Result Indicators	p	Outcome in 2008-09
<b>Strong State finances supporting the delivery and long run affordability of government services</b>	Maintaining NSW's Triple A credit rating	p	In August 2008 Standard and Poor's placed NSW on negative outlook. In June 2009 it confirmed the State's Triple A rating and returned the outlook to stable. Moody's also confirmed its Triple A rating for NSW.
	Downward trend in general government net financial liabilities (NFL) relative to GSP	p	NFL relative to economic activity increased to 12.8% in 2008-09, largely due to the use of a lower discount rate to value unfunded superannuation liabilities and investment losses due to the global downturn, and an increase in net debt to fund the large infrastructure program. The resumption of a downward trend from 2010 is forecast.
	Appropriate growth in infrastructure spending	p	The average annual growth for State capital spending over the three years from 2005-06 to 2008-09 was 16.7%, reflecting the Government's emphasis on maintaining and investing in infrastructure. The target over the ten years from 2005-06 to 2015-16 is an average 4.6% per annum.
Intermediate Results			
§ Better resource allocation decisions linked to Government priorities	Budget to be in surplus	p	A deficit of \$897 million was recorded for 2008-09. This outcome reflects the reduction in State revenues due to the global financial crisis. The 2009-10 State Budget forecast a return to surplus for 2011-12.
§ A well informed Budget process incorporating sound management practices, appropriate incentives and clear accountability	Percentage deviation of actual from budgeted expenses	p	After allowing for unbudgeted revenue from the Australian Government and its flow on expenditure impacts, underlying expenses in 2008-09 were 2.7% higher than budgeted. The increase allowed funding of priority front line services to be maintained despite increased demands and input cost pressures.
§ Efficient management of financial assets and liabilities	State superannuation liabilities fully funded by 30 June 2030	p	As at 30 June 2009, 56.6% of liabilities was funded. Consistent with the commitment to fully fund by 2030, the employer contributions growth rate will increase from 2009-10 and will be further reviewed when global markets stabilise and following the Mercer triennial review.
§ Sufficient and predictable revenue flows	Percentage deviation of actual from budgeted tax revenue, relative to total revenue	p	For 2008-09, relative to total revenue, actual tax revenue was 1.4% below budgeted revenue. This forecasting deviation was within the targeted tolerance of $\pm 3\%$ .
§ Improved arrangements for Commonwealth funding	At least maintaining NSW's GST share relative to an equal per capita share	p	NSW's relative share of GST grants improved this year due to the annual update of data. The 5 yearly fundamental review of relativities will occur in 2010.
§ Commercial incentives and disciplines applied by government businesses to ensure performance and appropriate returns on taxpayer equity	Rate of return on equity in commercial government businesses	p	The actual rate of return in 2008-09 was 5.3%. This compares with the standing target return of 7%.



Services Provided	Service Measures	p	Outcome in 2008-09
<b>Advising on economic and fiscal strategies</b>	NSW estimation variation compared to that of other State Treasuries for § tax revenues § key economic variables	p	Treasuries can influence Budget outcomes but can't control them. While external influences may vary between jurisdictions, a comparison of Treasuries' forecasting accuracy signals relative performance with this core activity. Based on recent and historical data, OFM's performance compares favourably with other Treasuries.
<b>Advising on the efficiency and effectiveness of public sector agencies</b>	Percentage of major general government agencies with a finalised Results and Services Plan  Percentage deviation of actual from budgeted dividend and tax equivalent payments by government businesses	p	Only one Agreed Results and Services Plan remained outstanding at 30 June 2009. The agency concerned has committed to submitting an updated RSP for 2009-10.
<b>Managing the State Budget process and aggregates, and reporting on State finances</b>	NSW estimation variation for general government sector expenses compared to that of other State Treasuries	p	Economic conditions have led to some volatility in PTE dividend and tax equivalent payments in recent years. However, for 2008-09, actual payments were just 1.9% higher than the Budget forecast.
<b>Developing and implementing public sector management systems including:</b> § the general government Financial Management Framework, § Total Asset Management and procurement policies	Percentage of agencies satisfied with OFM's financial management support	p	Uniform data published by ABS on actual expenses is used to compare estimation variations for the States. The ABS data for 2008-09 is not yet available. In recent years NSW's estimation variation has been of a similar order to that of the other States.
<b>Advising on public sector infrastructure, asset management and procurement policy and application</b>	The percentage of physical assets covered by a TAM Plan for nominated agencies	p	Agencies are periodically surveyed, generally every two years, to assess their satisfaction with the support they get from OFM. The last survey was conducted in June 2006 when 73% of respondents confirmed their satisfaction. The next client survey has been deferred to 2010, due to management changes in OFM during the past year, and structural changes in the public sector.
<b>Managing Crown Entity financial assets and liabilities, including insurance and superannuation matters</b>	Deviation of actual superannuation, debt and insurance expenses from the Budget estimate	p	98% of the State's assets held by nominated agencies were covered by a TAM Plan in 2008-09, marginally below the 100% target.
		p	Actual expenses in 2008-09 were 15.8% higher than forecast. This was primarily due to a reduction in the discount rate used in the actuarial calculation of SICorp outstanding insurance liabilities. Additionally, SICorp insurance expenses are reverting back to normal growth levels following consecutive years of favourable claims experience and release of excess provisions as recommended by the scheme actuary.

# Strong State finances supporting the delivery and long run affordability of government services

## State Fiscal Strategy

### MISSION

Promoting state resource management to achieve better public services and a stronger NSW economy

### RESULTS

**p** Strong State finances supporting delivery and affordability of Government services

**p** Policy settings promoting a competitive State economy

### STRATEGY State Fiscal Strategy

### SERVICES

Advising on appropriate fiscal strategy options

Advising on the fiscal implications of industrial relations

Recommending appropriate microeconomic reforms

Recommending tax and revenue policy

The State Fiscal Strategy aims to achieve fiscal outcomes that deliver a strong State balance sheet and hence maintain NSW's *Triple A* credit rating, a State Plan priority.

Credit rating agencies cite the importance of the Fiscal Strategy to NSW retaining the *Triple A*. It is the cornerstone of OFM's framework for managing state resources.

All OFM Directorates contribute to the implementation of the Strategy.

The *Fiscal and Economic Directorate* is the principal adviser on fiscal policy. Our *Resource Allocation branches* work in partnership with service delivery agencies to ensure shared responsibility for Fiscal Strategy implementation. The *Office of Infrastructure Management* ensures the State Infrastructure Strategy is consistent with the Fiscal Strategy, and supported with strong asset management and procurement policy and systems. The *Budget and Financial Management Directorate* applies the Fiscal Strategy to State Budget formulation and reporting.

The Fiscal Strategy focuses on maintaining State net debt and net financial liabilities at levels that allow public services to be maintained and improved, and tax rates to remain competitive, despite economic fluctuations.

The *Fiscal Responsibility Act 2005* sets out the medium and long-term fiscal targets:

- § reducing general government net financial liabilities as a share of GSP to 7.5% or less by 30 June 2010, and to 6% or less by June 2015
- § maintaining general government underlying net debt as a share of GSP at or below its level at 30 June 2005
- § eliminating total State sector unfunded superannuation liabilities by 30 June 2030.

#### OFM's Planned Action 2008-09

*Applying the State fiscal strategy to ensure appropriate service delivery and investment in infrastructure, while promoting fiscal outcomes that preserve the State's Triple A credit rating.*

Several unforeseen events occurred in 2008-09 which placed fiscal outcomes and the fiscal strategy under pressure.

They included the emergence of the largest global recession since World War II and a structural increase in expenses. Failure to pass legislation for electricity reform required capital spending to be reprioritised. Standard and Poor's placed NSW's credit rating on negative outlook.

Guided by the fiscal strategy, OFM advised on responses to restore fiscal outcomes and leave the fiscal strategy on track. This included formulating a Mini-Budget in November 2008, and further measures for the 2009-10 Budget.

Progress against fiscal targets was given in December 2008 in the 2008-09 Half-Yearly Budget Review and in June 2009 in the 2009-10 Budget, which reported:

- § estimated budget deficits in 2009-10 and 2010-11, with a return to surplus in 2011-12
- § general government net debt peaking as a share of GSP in 2010-11
- § general government net financial liabilities peaking as a share of GSP in 2009-10, before declining.

The *Fiscal Responsibility Act* contains principles to control growth in expenses. These principles were applied to respond to the challenges emerging in 2008-09. Principles 2 and 3 focus on controlling growth in net cost of services and expenses, and public sector employee costs, in a way that is consistent with the fiscal targets. This requires agencies to deliver their efficiency dividend savings and the employee-related savings agreed to under the wages policy.

#### Credit Rating Reviews

Credit ratings signal the soundness of an entity's financial position. *Triple A* is the highest rating assigned.

During 2008, OFM met with international credit rating agencies Standard & Poor's (S&P) and Moody's - after the Mini Budget, in the lead up to the 2009-10 Budget and for the annual credit rating reviews.

S&P lowered the rating outlook from stable to negative in August 2008. However, in response to the Mini-Budget and the 2009-10 Budget, it returned the rating to stable in June 2009. Moody's maintained a triple-A rating with a stable outlook.

OFM will meet again with both credit rating agencies during the first half of 2009-10 as part of the annual review processes.

## Balance Sheet Management

### RESULTS

**p** Strong State finances supporting delivery and affordability of Government services

**p** Better resource allocation decisions linked to Government priorities

**p** A well informed Budget process incorporating sound management practices, appropriate incentives and clear accountability

**p** Efficient management of financial assets and liabilities

### STRATEGY Balance Sheet Management

### SERVICES

Advising on appropriate fiscal strategy options

Advising on financial asset and liability management

Managing Budget aggregates

The Government's Fiscal Strategy emphasises fiscal sustainability and a strong State balance sheet. This will ensure service standards and delivery are not compromised due to fluctuations in the economic cycle.

OFM supports the Fiscal Strategy by applying a Balance Sheet Management Strategy. We advise on, and manage, State financial assets and liabilities to achieve an optimal balance sheet structure.

The *Budget and Financial Management Directorate* manages Crown financial assets and liabilities and undertakes functions associated with balance sheet management. There is close interaction with the Branch that coordinates Budget management and reporting, and with *Fiscal and Economic Directorate* to ensure consistency with the Fiscal Strategy.

The NSW Self Insurance Corporation, *SICorp*, manages the Treasury Managed Fund (TMF) which is the Government's self-insurance scheme.

OFM advises on, and oversees the management of, the following aspects of Crown finances:

- § financial asset portfolio objectives
- § financial risks and investment strategy
- § debt portfolio objectives
- § public sector superannuation liabilities
- § the state sector banking system
- § Treasury Managed Fund.

During 2008-09, the Crown debt portfolio strategy was reviewed and amended in consultation with the NSW Treasury Corporation (TCorp). A comprehensive risk and cost analysis was carried out by an independent debt management consultant.

Subsequently it was recommended that the duration of the debt portfolio should be lengthened.

The new debt portfolio will reflect the better matching of longer term borrowings to fund long lived assets under the State infrastructure program. There will also be benefit from the current low interest rate environment, and future financing risks may be reduced if interest rates increase as economic recovery continues.

Crown financial assets - primarily SICorp investments managed by TCorp - were also strategically reviewed during 2008-09. TMF assets are invested to meet the Government's insurance liability costs as they fall due, rather than placing an undue burden on future generations of taxpayers.

TCorp asset consultants recommended a revised growth oriented investment strategy, taking into account the early signs of economic recovery, risks associated with rising bond yields and historically low equity valuations. The new strategy was approved by the Treasurer in May 2009 and will start from July 2009.

OFM is also reviewing the decentralised asset management approach used for general government sector financial assets to determine if a centralised model would be more appropriate.

#### TMF Tenders

In 2008-09, work began on tenders for new TMF service provision agreements for:

- § Reinsurance from 1 October 2009
- § Actuarial Services from 1 October 2009
- § Claims Management from 1 July 2010.

The Risk Management tender, due to end 30 September 2009, was extended by one year. This will permit a review of risk management provided by Claims Managers and linkage to enterprise wide risk management currently provided by the Risk Management Services Provider.

OFM chaired agency representatives in overseeing the tender processes for Actuarial and Claims Management Services. The Department of Commerce assisted to ensure compliance with government procurement procedures.

Following issue and review of the tenders for Actuarial Services and Reinsurance, recommendations were made to the Treasurer. A request for tender was finalised for Claims Management Services but its release was deferred pending development of policy to support the Government's *Local Jobs First* plan.

For more detail on Crown finances see volume 3 of NSW Treasury's annual report - Crown Entity.

SICorp also reports on TMF administration in its own annual report.

# Strong State finances supporting the delivery and long run affordability of government services

## Financial Management Framework

### RESULTS

**p** Strong State finances supporting delivery and affordability of Government services

**p** Better resource allocation decisions linked to Government priorities

**p** A well informed Budget process incorporating sound management practices, appropriate incentives and clear accountability

### STRATEGY Financial Management Framework

### SERVICES

Advising on economic and fiscal strategy options

Advising on the efficiency and effectiveness of general government agencies

Managing the Budget process, aggregates and reporting

Developing and implementing public sector management systems

Advising on infrastructure, asset management and procurement policy and implementation

The Financial Management Framework supports the linkage of decision making on budgeting and planning, within agencies, and as part of the State Budget management process.

The *Budget and Financial Management Directorate* is responsible for the ongoing development and application of the Framework and its components. There is interaction with our *Resource Allocation Branches* who assist and oversight implementation by agencies.

#### OFM's Planned Action 2008-09

*Applying the Performance Management and Budgeting System.*

The Financial Management Framework utilises the *Performance Management and Budgeting System* (PMBS) to align the Budget with the State Plan's priorities, and to improve agency performance and value for money. Agency Results and Services Plans (RSPs) ensure clear accountability by specifying the results expected from the public resources allocated to the agency.

Once again, in 2008-09 the Performance Management and Budgeting System was applied to reinforce the link between planning, budgeting and reporting.

#### Planning

In 2008 Treasury completed a major review of RSP policy.

Stakeholder consultation confirmed the strengths of the policy as a tool for assessing value for money, developing key performance indicators and reporting agency performance. The potential to streamline application of the policy also was identified.

To capitalise on these strengths, Treasury issued a revised RSP policy in October 2008 (Treasury Circular TC08-11).

Under the revised policy:

- § agencies are required to submit a revised RSP every four years
- § where significant changes have occurred to budgets or service delivery arrangements, Treasury may request selected agencies to submit a revised RSP
- § agencies are to update RSP financial and performance disclosures through the annual Budget Estimates preparation process.

#### Budgeting

The process for formulating the 2009-10 Budget was again aligned with the State Plan.

The aim continued to be to ensure the delivery of State Plan priorities within a budget-neutral framework. To achieve this, existing agency programs were re-prioritised as necessary.

#### Reporting

The 2008-09 Budget reported agency Budget Estimates on a results and services basis for the first time. The 2009-10 Budget Estimates consolidated this reform.

Consistent with the streamlined requirements outlined in TC08-11, the new results and services presentation completes the alignment of the Budget Estimates with the RSP. It provides a common disclosure structure for agencies' planned and reported achievements.

Other improvements included:

- § NSW State Plan targets are now reported by the State Plan lead agency
- § reporting of revised estimates for key performance indicators allows easier comparison with the previous year's performance.

#### Internal Audit Implementation

OFM has lead agency responsibility for implementing Government decisions relating to the Performance Review Unit report *Internal Audit Capacity in the NSW Public Sector*.

Throughout the year OFM chaired an inter-departmental Internal Audit Implementation Steering Committee of senior public sector internal audit practitioners.

**Research and Development**

OFM does not carry out Research and Development activity but in 2008-09 we gave a grant of \$169,000 to the Australian Accounting Standards Board.

The grant was made in recognition of the accounting profession's role in developing accounting standards for the public and private sectors.

The grant was made under: Service Group 51.1: State Resource Management.

OFM worked with the Departments of Premier and Cabinet and Commerce to establish a pre-qualification scheme for independent chairs and members of Audit and Risk Committees.

Led by OFM, the three central agencies also worked with representatives from line agencies, government businesses and the Audit Office of NSW to develop a new Internal Audit and Risk Management Policy for issue in 2009-10.

The new policy adopts current standards for professional practice in internal audit and risk management. It mandates:

- § independent Audit and Risk Committees
- § designation of a Chief Audit Executive
- § a 'model charter' for Audit and Risk Committee governance

*Public Sector Financial Management and Reporting*

OFM is responsible for ensuring best practice accounting, financial and reporting standards in the NSW public sector.

The 2008-09 Outcomes Report was prepared for the first time in accordance with Australian Accounting Standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

This Standard harmonises Government Finance Statistics (GFS) and Generally Accepted Accounting Principles (GAAP) into a single financial reporting format. Previously, multiple reporting formats were presented in the Budget and Outcomes Report.

The Outcomes Report will be part of the Report on State Finances 2008-09 which is due to issue by the end of October 2009.

In the coming year, OFM will:

- § participate in inter-jurisdictional committees and working groups, including commenting on any further proposals regarding GFS/GAAP harmonisation and other changes to Australian Accounting Standards
- § advise NSW public sector agencies and the government on changed Australian Accounting Standards, including reviewing, amending and implementing policies, as required

**Reporting on State Finances**

	<b>Report on State Finances tabled</b>	<b>Report on Half Year Budget Review issued</b>
<b>Target</b>	≤31 Oct	≤31 Dec
2004-05	25 Oct	20 Dec
2005-06	27 Oct	21 Dec
2006-07	31 Oct	20 Dec
2007-08	26 Oct	19 Dec
<b>2008-09</b>	<b>31 Oct</b>	<b>15 Dec</b>

Accurate, informative and timely reports on the management of State finances ensure accountability for the use of public funds.

Subsequent to the 2008-09 Budget, OFM coordinated a Mini Budget, which the Treasurer, the Hon Eric Roozendaal MLC, presented to the Parliament on 11 November 2008. OFM also coordinated NSW's 2009-10 Budget, which Treasurer Roozendaal delivered on 16 June 2009.

Monthly Financial Statements on the Budget for the year to date were prepared and issued in line with the requirements of the Public Finance and Audit Act.

The following reports issued by the required dates:

- § The Report on State Finances for 2007-08.
- § The Half Yearly Review of the 2008-09 NSW Budget.

Information on the 2009-10 NSW Budget, including the Budget Papers, is available from: [www.budget.nsw.gov.au](http://www.budget.nsw.gov.au)

Other reports on NSW finances are available from OFM's website: [www.treasury.nsw.gov.au](http://www.treasury.nsw.gov.au).

# Strong State finances supporting the delivery and long run affordability of government services

## State Infrastructure Strategy

### RESULTS

**p** Strong State finances supporting delivery and affordability of Government services

**p** Better resource allocation decisions linked to Government priorities

**p** A well informed Budget process incorporating sound management practices, appropriate incentives and clear accountability

**p** Sustainable investment, maintenance and management of infrastructure assets

### STRATEGY State Infrastructure Strategy

Advising on economic and fiscal strategy options

Advising on the efficiency and effectiveness of general government agencies

### SERVICES

Advising on infrastructure, asset management and procurement policy and implementation

The State Infrastructure Strategy (SIS) gives a 10 year overview of the Government's major infrastructure priorities to support public services and growth across NSW.

The SIS links Budget approval of near-term infrastructure spending with longer term infrastructure plans, and ensures consistency with the Fiscal Strategy.

OFM advises on the development of the SIS and monitors its application.

Within OFM, the *Office of Infrastructure Management* is the lead adviser on the SIS and works with our *Resource Allocation Branches* to make sure that agencies properly apply asset management and procurement policies.

This responsibility involves

- § advising on physical asset management and procurement policy
- § assessing and monitoring major capital investment projects, including guidance on the implementation of Privately Financed Projects.

The SIS plan and its projections are reviewed, updated and published every second year. A full SIS report was last published in June 2008 for the period 2008-09 to 2017-18.

The capital program was re-prioritised in the November 2008 Mini-Budget. A summary of changes to the 10 year SIS was published in the 2008-09 Half-Yearly Budget Review. The changes increase flexibility to address infrastructure requirements while ensuring a fiscally sustainable capital program.

Subsequently, in June 2009, the 2009-10 State Budget detailed the funding of infrastructure investment over the Budget and forward years. It estimated that this spending on infrastructure would support on average up to 160,000 jobs a year.

#### OFM's Planned Action 2008-09

*Implementing the long term capital budget process.*

In 2007-08, OFM started to implement a new capital budgeting process to better link the ten year SIS with the shorter term budget cycle. The process includes an annual Infrastructure Review.

During 2008-09, the process was refined and the development of draft ten year capital planning limits for major agencies commenced. Once approved, these limits will guide agency planning, in line with overall SIS projections and fiscal limits.

#### *Asset Management Policy*

The SIS presents a rolling ten year projection of total capital expenditure by State Government agencies. It draws on the Total Asset Management (TAM) Plans that each agency prepares. The TAM plan outlines an agency's capital plans to meet community needs and priorities, as determined by the State Plan and metropolitan and regional land planning strategies.

During 2008-09, the annual Infrastructure Review process was subsumed within preparation of the November Mini-Budget. This provided the platform for the 2009-10 Budget, which was prepared having regard to TAM plans and supporting asset strategies, and project business cases provided by agencies in support of their bids for capital funding.

OFM also reviewed and refined TAM policy for implementation in the 2010-11 Budget process. The changes clarify requirements and strengthen links between the SIS and nearer-term budget decisions.

#### *Procurement Policy*

OFM is responsible for government procurement policy. The aim is to achieve best value for money in supporting delivery of government services, while being fair, ethical and transparent.

During 2008-09 OFM helped to address procurement related commitments made by the Government in response to the February 2009 NSW Jobs Summit.

- § The procurement policy framework was streamlined, with the number of steps reduced from 10 to 6, each linked to key mandatory and guideline documents.
- § OFM worked with the Department of Commerce to develop a single government procurement website, which went live in May 2009.
- § OFM worked with the Department of State and Regional Development to advise on the development of the *Local Jobs First Plan*. This initiative enhances opportunities for local business to compete for government contracts to supply goods and services while achieving value for money objectives.



OFM coordinated a whole-of-government submission to the *Public Accounts Committee Inquiry into Sustainable Procurement*. The submission outlined how sustainable procurement is integrated into government procurement.

*A Guideline for Capital Business Cases* (TPP08-5) was released to provide a consistent approach to preparing business cases for capital investment proposals.

The Gateway review process provides an independent assessment of capital projects at key stages of procurement. 70 OFM analysts participated as Gateway reviewers in 2008-09 (40 in 2007-08). 83 Gateway reviews were conducted - 52 at the Business Case gate; 23 at the Strategic gate; and 8 at non-mandatory gates.

Agency compliance with Gateway continued to strengthen - 80 per cent of projects listed in the 2008-09 Budget Infrastructure Statement were reviewed, compared to 67 per cent the year before. Projects reviewed had an estimated total cost of \$9,103 million.

### *Capital Performance and Management System*

In April 2009, OFM started to design and develop a Capital Performance and Management System. The new system will replace multiple legacy IT systems with one integrated Business Intelligence system. It will support all stages of the State capital expenditure management life cycle: planning, budgeting, reporting, monitoring and review.

The first phase, which was undertaken in 2008-09, involved determining the functional requirements and proposing a technical architecture for the new system.

The second and third phases are proceeding in 2009-10. They involve identifying and selecting an appropriate product, followed by implementation.

### *State Property and Planning*

During the year, OFM reviewed infrastructure levies applying to the development of greenfield housing sites, infill development and employment lands. The review also applied to local council levies.

An objective was to ensure that levies are consistent with Government plans to boost housing supply and affordability. As a result, a package of reforms was developed that substantially reduced developer charges.

Work also continued on frameworks for the funding and recovery of costs of servicing development in Growth Centres.

The State Infrastructure Fund was established to collect infrastructure levies. The revenue will be allocated to agencies to construct works in accordance with the State Infrastructure Strategy and the Total Asset Management process. In the coming year, OFM will work with the Department of Planning to develop a mechanism for developers that provide infrastructure in lieu of paying the levy.

With the State Property Authority, OFM reviews agency property holdings to identify efficiencies and property-related service delivery improvements. Eight reviews were undertaken during 2008-09 and are now being implemented.

### *Public Private Partnerships*

Private sector delivery of public infrastructure and related services is used when it results in value for money outcomes. Since 2001-02, \$9.5 billion worth of new public infrastructure has been delivered via Public Private Partnership (PPP) arrangements.

In 2008-09, OFM played a key role with various aspects of PPPs:

- § The contract was awarded for the Royal North Shore Hospital and Community Health Services Project, (net present value of \$950 million).
- § Potential PPPs were progressed - the Riverwood/Villawood Social Housing project, Integrated Metro Operations project (part of the CBD Metro) and Intermodal Logistics Facility projects.
- § Existing PPP contracts were monitored. With the Roads and Traffic Authority, a post implementation review was commenced for three toll road projects - Cross City Tunnel, Westlink M7 motorway and Lane Cove Tunnel.

OFM also participated with other jurisdictions in the production of National PPP Guidelines by Infrastructure Australia. These Guidelines were endorsed by COAG in November 2008 and adopted by the NSW Government.

Some minor areas related to satisfying compliance with processes specific to NSW are detailed in the Jurisdictional Requirements Volume of the National Guidelines.

OFM also has been consulting with other jurisdictions and industry to examine ways of addressing the shortage of finance arising from the current global financial crisis.

# Strong State finances supporting the delivery and long run affordability of government services

## Revenue Strategy

### RESULTS

**p** Strong State finances supporting delivery and affordability of Government services

**p** Better resource allocation decisions linked to Government priorities

**p** Sufficient and predictable revenue flows

**p** Improved arrangements for Commonwealth funding

### STRATEGY Revenue Strategy

Advising on tax and revenue policy

### SERVICES

Advising on inter-governmental arrangements

To support the State Fiscal Strategy, the Revenue Strategy must generate the revenue required for the delivery and affordability of government services.

(The Revenue Strategy also aims for an efficient and competitive tax system, an element of the overall policy settings that promote a competitive State economy. In that regard, action taken in 2008-09 is outlined in the next chapter.)

The two main sources of State revenue are own source revenues and transfer payments from the Australian Government. Australian Government payments accounted for nearly half of total NSW revenues in 2008-09.

Federal funding must be taken into account when advising on State revenue policy and a fair and equitable distribution of federal payments among the States is critical to NSW's revenue strategy. State revenue policies are affected by the level of federal funding received.

The *Fiscal and Economic Directorate* (FED) is the lead adviser on revenue policies, and advises on tax and State revenue policies and intergovernmental financial arrangements.

Our *Resource Allocation Branches* are consulted to balance the revenue contribution from taxpayers, users of government services, and dividends and tax equivalents paid by commercial government businesses.

### Taxation Policy and Revenue

In 2008-09, the revenue strategy was challenged by the rapid decline in state tax revenue due to the severe cyclical downturn in the economy.

The 2009-10 State Budget forecast that this downturn would reduce NSW revenues from taxes, royalties and the GST by around \$10 billion over the four years to 2011-12 compared with estimates contained in the 2008-09 Budget.

In November 2008 OFM contributed to the Mini Budget by developing revenue initiatives to deal with the significantly weaker revenue outlook.

Announced measures included:

- § Deferring abolition of marketable securities duty from 1 January 2009 until 1 July 2012
- § Deferring abolition of mortgage duty on business loans from 1 July 2009 until 1 July 2012
- § Deferring abolition of transfer duty on business assets other than real property from 1 January 2011 until 1 July 2012
- § Increasing nominal stamp duty charged on certain documents such as duplicates, trust documents and transfers pursuant to a will from \$2 to \$10, from \$10 to \$50 and from \$200 to \$500
- § Imposing a higher rate of land tax of 2 per cent for landholdings of more than \$2.25 million
- § From 1 July 2009, replacing "land rich" duty with "landholder" duty on the acquisition of indirect interests in land
- § Increasing the Parking Space levy from \$900 to \$2,000 in Sydney, North Sydney and Milson's Point and from \$470 to \$710 in St Leonards, Bondi Junction, Chatswood and Parramatta
- § Increasing coal royalties from 5 per cent to 6.2 per cent, from 6 per cent to 7.2 per cent and from 7 per cent to 8.2 per cent.

## *Intergovernmental Financial Arrangements*

In 2008-09, NSW received the second lowest level of federal GST payments per capita of all the States. NSW's total revenue per capita from all sources was also the second lowest of all the States.

Distribution of GST grants is recommended by the Commonwealth Grants Commission (CGC) based on their definition of horizontal fiscal equalisation. A State judged as having a higher than average capacity to raise its own revenue and/or a lower than average cost of providing services is assessed as needing a less than average share of GST payments.

As a result of this methodology, NSW again will be a donor state in 2009-10, contributing around \$1 billion to the GST cross subsidy that flows to South Australia, Tasmania and the Territories.

In February 2010, the CGC is due to report on the periodic review of its methodology. NSW is taking part to ensure that the State gets an equitable outcome from the methods the CGC will use from 2010-11 to assess relative State revenue raising capacities and costs of service provision.

In 2008-09, OFM made over 30 submissions to the CGC responding to its position and discussion papers on all revenue and expenditure assessments proposed for the 2010 Review.

OFM also provided data requested by the CGC for use in the proposed assessments. We attended meetings between CGC and State Treasury officials on the suggested assessments.

Separate to the periodic methodology review, each year the CGC updates the distribution relativities based on a rolling average of five years' data. The 2009 Update took in data for 2007-08, removed data for 2002-03 and updated data for the intervening years. As agreed at the November 2008 COAG meeting, it also made some changes to the treatment of certain federal payments to the States. OFM provided data for the 2009 Update and made a submission to the CGC on new issues arising in the Update.

The CGC's *Report on State Revenue Sharing Relativities 2009 Update* was released in March 2009. It recommended relativities for distributing GST revenue among the States in 2009-10. NSW will receive a gain of \$613 million from the change in relativities between 2008-09 and 2009-10.

## *New Intergovernmental Agreement*

In 2008-09, OFM worked with NSW government agencies and the Australian and other State Governments to develop the new framework for federal financial relations.

COAG agreed to the framework at its November 2008 meeting and the Commonwealth and all States signed a new *Intergovernmental Agreement on Federal Financial Relations* (IGA) in December 2008.

The fundamental reforms, which took effect from 1 January 2009, concern:

§ Streamlining over 90 specific purpose payments into six new National Agreements - for Healthcare; Education; Skills and Workforce Development; Disability; Affordable Housing; and National Indigenous Reform.

§ Introducing National Partnerships between the Australian and State Governments to facilitate and reward state reforms of national importance, and to support the state delivery of specified outputs or projects.

The 'first wave' of 16 National Partnerships provide for better health and education services, tackling problems facing our indigenous population, improving social housing, reducing homelessness and creating a seamless national economy.

OFM contributed to clarifying the roles and responsibilities of the levels of government; and formulating objectives, outcomes, outputs and performance indicators for the new agreements and partnerships between the Australian and State Governments.

# Strong State finances supporting the delivery and long run affordability of government services

## Microeconomic Reform

### RESULTS

**p** Strong State finances supporting delivery and affordability of Government services

**p** Better resource allocation decisions linked to Government priorities

**p** A well informed Budget process incorporating sound management practices, appropriate incentives and clear accountability

### STRATEGY Micro-economic reform

Advising on economic and fiscal strategy options

### SERVICES

Advising on the efficiency and effectiveness of general government agencies

OFM's advice on microeconomic reform targets improved productivity for the NSW economy. This includes action to ensure the productivity of government agencies.

OFM analysts monitor the financial performance of agencies to ensure the application of the State Fiscal Strategy. They also take part in special funding and service delivery reviews and often work with the agencies concerned to implement resulting reforms.

During 2008-09, OFM was involved in developing and implementing significant service delivery reforms in response to two Special Commissions of Inquiry.

The Hon James Wood AO QC conducted an *Inquiry into Child Protection Services in NSW*. The Inquiry's report was released in November 2008.

The Government's response to the Wood Inquiry, *Keep Them Safe: A shared approach to child wellbeing*, was released in March 2009. This is a five year plan to reform and enhance family and community services to support vulnerable children, young people and their families. The strategy includes an enhanced role for non-government organisations in service delivery. OFM participated in developing and costing whole-of-government options and in costing the actions adopted in *Keep Them Safe*.

Mr Peter Garling SC, who was appointed to conduct an *Inquiry into Acute Care Services in NSW public hospitals*, also released his report in November 2008.

The Government issued its response to the Garling Inquiry in March 2009. *Caring Together: The Health Action Plan for NSW* sets out the Government's forward plan for public acute care services in NSW over the next five years.

OFM worked with NSW Health to cost recommendations and develop and implement service delivery responses. We took part on the Senior Officers Group and provided input to the design of new health entities.

Stage one of *Caring Together* started the process of delivering reforms to improve patient care and safety. It also included initiatives to increase the efficiency and productivity of the public health system.

Priorities for OFM for 2009-2010 will include implementing further stages of *Caring Together*, focusing on the sustainability of the health system and reforms to ensure the public health system can support and care for future generations.

We will continue to contribute to the Health Efficiency Improvement Taskforce, an inter-agency forum established to identify options to increase efficiency and improve resource utilisation in NSW's public health system.

#### *Public Sector Industrial Relations*

OFM advises the Treasurer on strategies to reform NSW public sector work arrangements. This includes public sector wages policy.

Principle 3 of the *Fiscal Responsibility Act, 2005* requires:

- § wages policy to be consistent with fiscal targets, and
- § public trading enterprises to take into account conditions in their industry and the Government's wages policy when determining employment conditions.

Government wages policy limits wage increases to a net cost of 2.5% per annum. Any increase above that must be funded by employee related cost savings in the agency.

#### **OFM's Planned Action 2008-09**

*Working with the Department of Premier and Cabinet and relevant agencies to implement the Government's wages policy.*

OFM participated with the Department of Premier and Cabinet on the wages taskforce, advising agencies on savings reforms and wage bargaining parameters to ensure adherence to the wages policy.

Wage agreements covering approximately 50 bargaining groups were successfully concluded within the parameters of the wages policy. Agreements included those for nurses, firefighters, teachers, crown employees and energy industry workers.

Where wage matters went to the Industrial Relations Commission (for example, firefighters, crown employees, Port Kembla Ports Corporation), OFM played an important role in the proceedings by providing detailed economic evidence.

## Our performance in 2008-09

### Policy settings promoting a competitive State economy

Planned Results	Result Indicators	p	Outcome in 2008-09
<b>Policy settings promoting a competitive State economy</b>	NSW's total State revenue per capita to be less than the average for the other States	p	NSW's per capita revenue was estimated at \$6,938. The average per capita for the other States was \$7,756.
Intermediate Results			
§ Implementation of competition, regulatory and human capital reforms with a focus on the COAG Reform Agenda	COAG Reform Council's assessment of progress, having regard to agreed performance indicators	p	The COAG Reform Council has commenced its first performance assessments – for National Agreements for Education and Skills and Workforce Development. The outcome is expected in late 2009. Next year the assessments will be extended to other National Agreements and National Partnerships.
§ An efficient and competitive tax system	NSW's total State revenue per capita to be less than the average for the other States	p	OFM advised on revenue measures in the November Mini Budget, and on tax concessions announced by the Government in the 2009-10 Budget.  In 2008-09, NSW's per capita total revenue was second lowest of all the States.
§ Delivery of necessary economic services and infrastructure by commercially focused and disciplined government businesses	Contribution by commercial government businesses to investment in public infrastructure to support government service delivery and private sector growth	p	The 2009-10 Budget estimated that government commercial businesses accounted for \$6.3 billion, about 46% of the total State infrastructure program for 2008-09. This was roundly 30% higher than the previous year, driven by increased capital expenditure in the electricity network and water sectors.

Services Provided	Service Measures	p	Outcome in 2008-09
<b>Advising on economic and fiscal strategies</b>	NSW estimation variation for tax revenue compared to the estimation variation of other State Treasuries	p	Actual NSW tax revenues were 3.8% below the level forecast by OFM. This compares favourably with the average estimation variation of the other State Treasuries which was -8.4%
<b>Advising on the efficiency and effectiveness of government businesses, including monitoring the application of the Commercial Policy Framework</b>	Percentage of required government businesses with a Statement of Corporate or Business Intent	p	SCIs were finalised with all State Owned Corporations, except for Rail Corporation of NSW for which structural reforms were being considered. This resulted in a 95% sign off rate for the year. RailCorp was subsequently converted to a Public Trading Enterprise.  When SBIs with non corporatised businesses are included, the sign off rate was 79%.

# Policy settings promoting a competitive State economy



## Microeconomic Reform

The *Microeconomic Reform* strategy provides for coordinated OFM advice on competition, regulatory, and industry reforms. The current focus is on helping to implement the reform program of the Council of Australian Governments (COAG). This includes promoting action that is conducive to a competitive State economy. The *Fiscal and Economic Directorate* is our lead advisor on microeconomic reform. There is a high level of coordination across OFM as the analysts working on the COAG reforms are spread across all our directorates.

### COAG Reform Agenda

OFM continued to be heavily involved in the COAG reform agenda, which aims to increase the nation's productivity and workforce participation and improve government service delivery. The agenda also contributes to broader goals of social inclusion, reducing indigenous disadvantage and environmental sustainability.

We participated on Commonwealth-State Working Groups and sub groups charged with progressing reforms in seven areas:

- § health and ageing
- § productivity agenda (education, skills, training and early childhood)
- § climate change and water
- § infrastructure
- § business regulation and competition
- § housing
- § indigenous reform.

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OFM's Planned Action for 2008-09:

*Participating in the implementation of the Council of Australian Governments' reform program.*

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OFM worked with the Department of Premier and Cabinet, line agencies and other jurisdictions to provide economic research analysis and policy advice to assist COAG's deliberations and decisions outlined below.

In July 2008 COAG signed an Intergovernmental agreement (IGA) on Murray-Darling Basin reform.

On 2 October 2008, COAG endorsed:

- § an implementation plan to strengthen the Australian financial services and credit regulation framework
- § an intergovernmental agreement to reform Australia's personal property securities law
- § the first National Partnership Agreement, covering Indigenous Early Childhood Development.

Following its November meeting, COAG signed an IGA in December to establish a new framework for Commonwealth-State financial relations, to take effect from 1 January 2009.

This will improve the quality and effectiveness of government services by:

- § streamlining previous payments for specific purposes through six new National Agreements
- § placing greater focus on outcomes, with the Australian Government committing to provide facilitation and reward payments to drive reforms through an initial "wave" of 16 National Partnership Agreements
- § simplifying and standardising public performance reporting, and clarifying roles and responsibilities.

OFM advised the NSW Government on the new IGA and the performance reporting framework. We helped develop operational plans to support the National Agreements and National Partnerships and we are contributing to the delivery of commitments.

The February 2009 COAG meeting committed to the Australian Government's \$42 billion *Nation Building and Jobs Plan*. This requires States and Territories to deliver fiscal stimulus measures across social housing, schools and transport to reduce the impact of the global economic downturn. OFM is assisting the coordination of action in NSW.

In April 2009, COAG committed to the *Job, Training and Youth Compact*, which ensures young people's access to education and training. It requires young people to participate in education, training or employment until the age of 17. COAG's 90 per cent target rate for Year 12 or equivalent attainment was brought forward from 2020 to 2015.

On 2 July 2009, COAG agreed to a range of measures to progress *Closing the Gap in Indigenous Disadvantage*, including a strategy for reducing indigenous disadvantage using funding under existing COAG agreements.

A range of national transport regulatory reforms were also agreed and an Energy Efficiency National Partnership was endorsed to provide a 10-year strategy to accelerate energy efficiency improvements for households and businesses. COAG also agreed to the *Youth Compact* and a *Compact with Retrenched Workers*, whereby training places are prioritised for retrenched workers.

Later in 2009, COAG will focus on delivery against commitments in the National Agreements and National Partnerships and agreed work agendas.



## *Climate Change*

OFM continued to advise on the development of national and State level climate change policies.

Through our involvement in the COAG Climate Change and Water Working Group we advised on the:

- § design of the expanded national Renewable Energy Target scheme
- § development of the National Strategy on Energy Efficiency, and
- § development of principles for the complementarity of measures to the proposed Carbon Pollution Reduction Scheme.

At the State level, OFM participated on the taskforce reviewing the design of a NSW feed-in tariff. We also advised on the development of the NSW Climate Change Action Plan, and were part of an advisory group setting up the NSW Energy Savings Scheme.

OFM was also involved in developing NSW's position on the Commonwealth's Carbon Pollution Reduction Scheme White Paper, and negotiations on transitional issues for NSW. This included modelling the economy wide and regional impacts from the scheme, and considering impacts on electricity generation and the NSW Greenhouse Gas Reduction Scheme.

## *Energy Reform*

Early in 2008, Parliament asked the Auditor-General to review and report on certain aspects of the Government's strategy to secure NSW's energy supply. This strategy was developed in response to the report by Professor Anthony Owen on an *Inquiry into Electricity Supply in New South Wales* (the "Owen Inquiry").

The Auditor-General's report, *Oversight of Electricity Industry Restructuring*, was submitted to Parliament in August 2008. It concluded that, apart from the key matters for consideration, nothing had come to attention to cause the Auditor-General to believe that the strategy for the transfer of assets to the private sector was not appropriate for maximising financial value for taxpayers.

However, Parliament failed to support legislation to implement the Government's response to the Owen Inquiry.

On 1 November 2008, the Premier announced a revised Energy Reform Strategy, which featured:

- § keeping public ownership of electricity transmission, distribution and generation assets
- § transferring the retailing operations of EnergyAustralia, Integral Energy and Country Energy to the private sector

- § selling some potential development sites for new power stations
- § contracting the right to sell electricity produced by State-owned generators to the private sector (the Gentrader model)
- § maintaining retail price regulation until at least 2013.

The key matters for consideration raised in the Auditor-General's report were taken into account in formulating the revised strategy.

Further details of the Government's Strategy were released on 5 March 2009 in *NSW Energy Reform Strategy – Defining an Industry Framework* and on 10 September 2009 in *NSW Energy Reform Strategy – Delivering the Strategy: approach to transactions and market structure*.

The Energy Reform Strategy is being managed by the Minister for Finance. The Minister, officials and advisors have provided briefings to, and solicited feedback from, potential domestic and international bidders. This has meant the transaction is informed by market information and feedback, and that it has maximum attractiveness to potential investors and new entrants.

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OFM's Planned Action for 2008-09:

*Advising on, and participating in the implementation of, the Government's strategy to secure the State's energy supply.*

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OFM is chairing the Steering Committee that oversees implementation of the Energy Reform Strategy through coordination of a number of working groups. OFM is represented on each of these groups.

During 2008-09:

- § Due diligence activities were progressed on the retail operations, generators and potential development sites.
- § Transitional Services Agreements were drafted for Government-owned retail business to provide retail services to a successful purchaser until the purchaser can fully manage the retail business.
- § Gentrader structures were developed to provide the right for a private sector purchaser to sell the generator's output (the gentrader contract).
- § There was also consultation with the generator businesses on preparations for the sale of power station development sites to the private sector.

OFM officials will continue to work closely with the Government's energy businesses, expert advisors and the Department of Industry and Investment on implementation details. This will lead to the Government calling for Expressions of Interest from the private sector around late September 2009.

# Policy settings promoting a competitive State economy

## Revenue Strategy

### RESULTS

**p** Policy settings promoting a competitive State economy

**p** An efficient and competitive tax system

**p** Strong State finances supporting delivery and affordability of Government services

**p** Better resource allocation decisions linked to Government priorities

**p** Sufficient and predictable revenue flows

### STRATEGY

#### Revenue Strategy

### SERVICES

Advising on economic and fiscal strategies, including tax and revenue policy

To support the State Fiscal Strategy, the Revenue Strategy must balance two non exclusive requirements:

§ efficient, equitable and competitive taxes that minimise the burden on NSW taxpayers; and

§ sufficient revenue to fund State services.

The ability to satisfy these requirements is constrained by the fact that NSW must rely on Australian Government transfers for almost half of its revenues. It needs to rely on its own revenue raising to a greater extent than a number of other states because of the GST distribution arrangements.

This section of the Annual Report focuses on action to promote an efficient and equitable tax system, for this is an important element of the overall policy settings that promote a competitive State economy.

(The revenue raising requirement is considered in the previous section which focuses on action to ensure strong State finances from own source revenues and equitable Commonwealth-State financial arrangements.)

The *Fiscal and Economic Directorate* (FED) is the lead adviser on revenue policies. It consults with the Office of State Revenue on the administrative efficiency of taxes.

During 2008-09 OFM worked with other states and territories to engage with the Commonwealth Government's *Review of Australia's Future Tax System*.

The Review is examining options and will make recommendations to create a tax structure to position Australia to deal with the demographic, social, economic and environmental challenges of the twenty first century and enhance Australia's economic and social outcomes.

The states and territories are working with the Review to assist its understanding of state and territory taxes and to explore reform options. Key aims are to ensure that revenue raising is done so as to do least harm to economic efficiency and to minimise complexity for taxpayers and the community.

The Review has indicated that it intends to consider reform of natural resource taxation, vehicle and road taxation and tax administration reform, including options to integrate administration of state and federal taxes.

In October 2008, the NSW Government received the final report on the *Review of State Taxation* that it had commissioned from the Independent Pricing and Regulatory Review (IPART). The Government submitted the IPART report to the Commonwealth tax review. It was the first and most comprehensive state submission.

This was followed by a further submission to the Review in June 2009 from the Council for the Australian Federation (CAF). NSW, through OFM, worked with the other states and territories to prepare the joint submission. It further explored options to enhance the efficiency and administration of state and territory taxes and to redress the level of Vertical Fiscal Imbalance (VFI) in the Australian federation.

During 2008-09, further action to minimise the burden on taxpayers was limited by the impact of the global economic downturn on state revenues. However OFM advised on a number of tax concessions announced by the Government.

§ Transfer Duty - from 1 July 2009 to 31 December 2009 the duty on the purchase of newly constructed dwellings up to \$600,000 by purchasers other than first home buyers will be reduced by 50 per cent per dwelling.

§ Vehicle Transfer Duty - from 1 July 2009 stamp duty on the purchase or transfer of a caravan or camper trailer is abolished.

**Commercial Policy Framework**

**RESULTS**

- p** Policy settings promoting a competitive State economy
- p** Commercial incentives and disciplines applied by Government businesses to ensure performance and appropriate returns on taxpayers' equity
- p** Strong State finances supporting delivery and affordability of Government services
- p** Sufficient and predictable revenue flows

**STRATEGY  
Commercial Policy Framework**

**SERVICES**

Advising on economic and fiscal strategies

Advising on the efficiency and effectiveness of government businesses

Advising on, and implementing, public sector management systems

Coordinating the reporting of public sector finances

The Commercial Policy Framework governs the operations of Government commercial businesses. It supports strong business performance and safeguards the taxpayers' investment by subjecting public businesses to the same disciplines faced by private businesses. This ensures a level playing field for public and private sector businesses.

The Framework promotes competition and the efficient allocation of the State's resources. This contributes to strong State finances, so both of OFM's planned business results are addressed.

OFM's *Environment and Economic Services Directorate* advises on the application of the Commercial Policy Framework. They work closely with our *Resource Allocation Branches* which monitor the performance of the individual businesses and advise the shareholding ministers (including the Treasurer).

The components of the Commercial Policy Framework guide the governance and operation of government businesses and are available on OFM's web site:

- § Guidelines for Boards
- § Treasury Management Policy
- § Guidelines for Financial Appraisal
- § CEO Contract Guidelines
- § Reporting and Monitoring Policy
- § Government Guarantee Fee Policy
- § State Owned Corporation Indemnity Policy
- § Tax Equivalent Regime
- § Capital Structure Policy
- § Guidelines for Assessment of Projects of State Significance
- § Financial Distribution Policy
- § Social Program Policy

In 2008-09, OFM updated the *Guidelines for Boards of Government Businesses*, reflecting the reclassification of the Rail Corporation of NSW and Sydney Ferries from state owned corporations to public trading enterprises.

The *Financial Distribution Policy for Government Businesses* also was reviewed and will reissue in 2009-10.

A competitive tender was held for the annual stand alone credit rating of each government business that is used to determine the applicable *Government Guarantee Fee*. Moody's was selected to provide ratings for 2009-10, 2010-11 and 2012-13.

Also in 2008-09, OFM made submissions to IPART on its examination of methodology for determining rates of return for regulated government businesses. Discussion related to adjusting the cost of capital for inflation and estimating the debt margin for the weighted average cost of capital.

*Government Commercial Activity*

OFM applies the principles of the Commercial Policy Framework when advising on, and taking part in, major initiatives and reforms that relate to government businesses.

This includes working with other agencies to advise on and monitor action to secure the *State's water supply*. In 2008-09, OFM was part of the Metropolitan Water Plan steering group; and project control groups for the desalination plant and the Tillegra Dam project. We advised on IPART's determination of prices for Sydney Catchment Authority and Hunter Water Corporation.

As outlined earlier in this chapter, OFM is also playing a key role in implementing the Government's strategy to secure the *State's energy supply*.

We advised the Treasurer as shareholding minister on the Australian Energy Regulator's first determination, to apply for five years from 1 July 2009 to the energy transmission and distribution network businesses. This national body regulates the natural monopoly transmission and distribution sectors of the national electricity market, monitors the wholesale electricity market and enforces electricity market rules. IPART continues to regulate retail electricity prices.

OFM commissioned a scoping study of *Land and Property Information NSW (LPI)*, a commercial division of Department of Lands. LPI manages the State's land and property registration system, mapping, survey and land valuation services. The study aims to identify opportunities to improve LPI services and consider alternative service delivery models.

In January 2009, a new government business, the *Sydney Metro*, was set up to deliver a metro rail system for Sydney. This business will be subject to the policies and guidelines of the Commercial Policy Framework.

## Policy settings promoting a competitive State economy

### *Asset sales*

In November 2008, the Government's Mini Budget announced measures to strengthen the State's fiscal outlook. These included the investigation of the possible sale or license of a number of businesses, including

- § NSW Lotteries
- § Superannuation Administration Corporation (Pillar)
- § Road and Traffic Authority's Special Number Plate business, and
- § WSN Environmental Solutions.

OFM appointed specialist advisers to carry out detailed strategic reviews of the proposed business transactions. We established and chaired steering committees to oversight the investigations, and the subsequent advice to Government.

The investigations into the sale of Lotteries, Pillar and the RTA's Special Number Plate business were completed. The investigation into WSN Environmental Solutions is ongoing.

The Government decided to proceed with the sale of *Lotteries* by offering a long term exclusive licence of forty years for distribution of NSW Lotteries products and the use of key brands and intellectual property.

OFM worked with the Office of Liquor, Gaming and Racing to coordinate public consultation on proposed changes to the lotteries regulatory framework to ensure that lottery operations remain responsible and orderly. Legislation was introduced to Parliament, and preparations for the tender process commenced. The Government expects the sale will be finalised by the end of 2009.

The *Pillar* investigation revealed that value would be significantly enhanced by a number of key strategic initiatives and growth opportunities. The best time for the sale is being continually assessed and will go ahead after management progresses a number of key business improvement measures.

The Government determined that a concession should be offered to operate the *Special Number Plate business* for a period of 10 to 15 years. The concessionaire will be responsible for marketing, sales and customer service while the RTA will still provide information technology services and registrations.

The tender process is proceeding and the necessary legislative and regulatory changes are being advanced. A preferred concessionaire is expected to be selected and the concession finalised in the first quarter of 2010.

The Mini Budget also approved a number of property asset divestments. Significant properties included the Australian Technology Park at Redfern and ground leases and car parks owned by the Sydney Harbour Foreshore Authority. Due diligence on the properties was commenced and will continue in 2009-10. The properties are expected to be marketed during 2010.

During 2009-10 OFM will continue to oversight implementation action for the approved transactions.

## Building a values-based organisation that supports the achievement of our planned business results

Strengthening our capability, support systems and stakeholder alliances

Our Focus	Efficiency Indicator	□	Outcome in 2008-09
Applying our values	Staff believing that OFM's values are adhered to	□	89% of staff responding to our quarterly staff surveys consider that OFM's agreed values are being applied.
	Staff satisfaction	□	93% of staff responding to the quarterly surveys were satisfied with OFM, and 95% were satisfied with their job.
Strengthening support systems	Work plan milestones achieved	□	85% of priority project milestones scheduled in our work plans for the year were completed.
	Correspondence and requests completed by the due date	□	83% of registered correspondence and other action items were attended to within deadline.
Building our capability	Number of training days per officer	□	Each staff member averaged 4.9 days training, virtually in line with the annual target of 5 days training.
	Staff turnover	□	Staff turnover rate was 10.7%, well within the acceptable target. This included officers promoted to other parts of the public sector.
	Staff participating in OFM's performance and development scheme	□	66% of staff took part in our Performance Agreement and Review scheme, lower than last year's participation rate of 83%. Three years ago the rate was 44%.
Fostering stakeholder alliances	Agencies satisfied with their relationship with OFM	□	Agencies were last surveyed in June 2006 when 73% of respondents expressed satisfaction with OFM, and 77% believed our financial management support is helpful. The target is 75% or more.
	Agencies satisfied with OFM's financial management support		Significant public sector changes were occurring during 2008 so the survey scheduled for that year did not proceed. The next survey will be held in 2010.

# Organisation Building

MISSION	✓
RESULTS	✓
STRATEGY	✓
<b>ORGANISATION BUILDING</b> Organisation Efficiency	
<b>SERVICES</b> Ensuring OFM's organisational efficiency with strong corporate procedures and systems that support management and staff	

## Organisation Efficiency

OFM stresses the importance of strong corporate processes and systems to support the implementation of our Corporate Plan. The Plan outlines our strategic management framework. It documents our mission, the results we seek to influence and strategies we apply to maximise the impact of our services.

Results indicators allow progress toward our planned results to be monitored. Service measures report on the standard of our services.

OFM's current Corporate Plan was launched in March 2008. It sets the framework, and provides a clear line of sight, for our planning and performance management documentation, from the State Plan to individual performance agreements.

During 2008-09, updated versions of the following issued:

- State Plan priority delivery plans
- Directorate and Branch work plans
- Officer performance agreements - including for the Secretary, Executive members, Branch managers and all other staff members.

During 2009-10, an organisational restructure of OFM will take effect to support the implementation of our Corporate Plan and the priorities assigned to OFM. This includes the State Plan priorities for which we have leadership and our responsibility to implement components of the Government's *Better Services and Value Plan*.

As part of the restructure, a "virtual" unit headed by a new Director of Planning and Corporate Development will be established. This will strengthen our approach to planning and the linkage with supporting action on staff development, systems and information technology.

### Business Improvement

The implementation of OFM's Business Improvement Program continued in 2008-09.

OFM's Planned Action 2008-09:

*Implementing an improved business information management system for OFM.*

OFM's Financial Information System (FIS) was enhanced to include compliance with AASB 1049 financial reporting requirements, and to improve the reporting of non-financial key performance indicators.

The development of a Capital Performance Management System (CPMS) was commenced to support the planning, monitoring and reporting of State capital expenditure management.

Other business intelligence tools for use by OFM staff continued to be developed to improve data access and analysis.

The following business improvement initiatives were also progressed.

- Action was taken to expand the available evidence base for key Budget sectors. Staff were trained in the use and presentation of evidence to make advice more effective.
- A style guide was developed to ensure OFM correspondence and publications are clearly written and consistently presented. Staff involved with the drafting of State Budget papers received early training.
- The trial of a more risk based approach to monitoring agencies informed the re-allocation of agencies across a number of our resource allocation branches.

Project Management Performance	2004-2005 Actual	2005-2006 Actual	2006-2007 Actual	2007-2008 Actual	2008-2009 Actual	Target
Scheduled work plan project milestones achieved	77%	82%	84%	82%	85%	≥80%
Correspondence or projects completed by due date	83%	83%	83%	86%	83%	≥80%
Average days late correspondence or projects completed late	10 days	16 days	11 days	7 days	7 days	≤10 days

## Performance Review and Risk Management

### REPORT

The independent Chair of OFM's Audit and Risk Committee reports on the activities of the Committee during 2008-09

Dear Secretary

### Report from OFM Audit and Risk Committee – 2008-09

The Audit and Risk Committee of Office of Financial Management (OFM) aims to:

- oversee the internal audit function, risk management, corporate governance and other internal assurance processes that operate within OFM
- assess risks arising from OFM's operations and the adequacy of measures to moderate those risks
- liaise with the external auditors, and
- ensure the integrity of OFM's external financial reporting and internal management reporting.

The Committee oversees performance reviews of OFM activities including audits of key activities and functions as scheduled in an annual Internal Audit Plan. The areas to be audited are determined based on exposure to potential financial or operating risk. Staff can access the Audit and Risk Committee charter from OFM's intranet.

During 2008-09 OFM's Audit and Risk Committee consisted of two Independent members (including myself as Chair and Ms Christine Feldmanis) along with representatives of OFM's Executive and operational areas. Meetings were also attended by observers from the Audit Office, the Internal Audit Bureau (IAB), which OFM contracts to carry out internal audits and OFM Directors and other senior staff responsible for areas subject to review.

The Committee met on 9 occasions during 2008-09 and considered a range of significant matters including:

- OFM's Enterprise Risk Assessment, risk profile and associated management policies and procedures
- OFM's Internal Audit Plan for 2008-09
- Follow up of action recommended by the Audit Office, Public Accounts and Public Bodies Review Committees of Parliament, and the Internal Audit Bureau
- Preparation of the 2007-08 Total State Sector Accounts
- End of year financial reporting for OFM, SiCorp, Treasury Managed Fund and the Electricity Tariff Equalisation Fund
- Management of Fraud and Corruption risks
- Valuation of Crown land reserves, and
- Crown entity asset and liability risk management

The Committee reviewed follow up action as required associated with internal audit reviews which were undertaken in the previous period. These included:

- SiCorp's management of third party providers
- Crown entity financial system internal controls
- Electronic funds transfer and internet banking systems
- Effectiveness of State Budget management processes, and
- OFM's process for procuring consultants and contractors.

Audit findings were generally satisfactory. Recommendations to improve performance and processes, and management responses to them, are documented in a Risk Register that is monitored by the Committee. OFM is committed to ensuring best practice by its Audit and Risk Committee.

In March 2008 the Performance Review Unit of Department of Premier and Cabinet reported on a *Review of Internal Audit Capacity in the NSW Public Sector*. Consequently during 2008-09 OFM, the other central agencies and the Audit Office worked together to develop a new Internal Audit and Risk Management Policy that reflects the recommendations of the Review. The new policy issued to the NSW public sector in August 2009.

OFM has been proactive in reviewing the structure and composition of its own Audit and Risk Committee against the best practice guidelines of the new policy. As a result, during 2009-10 the Committee will operate with five members, three of whom (including the Chairperson) are independent of OFM.

Earlier in 2009, the OFM Committee had also reviewed its own charter and proposed some amendments to enable it to better focus on OFM operational areas. In June 2009, the OFM Executive endorsed the amended charter on an interim basis, noting that it would be further reviewed in the new financial year against the new best practice policy. Also in 2009-10, the Committee will review and update OFM's risk register and use it to determine the scheduling of internal audit reviews.



J. R. Mitchell FCPA  
Independent Chair  
NSW Treasury (OFM) Audit and Risk Committee

# Organisation Building

MISSION	✓
RESULTS	✓
STRATEGY	✓
<b>ORGANISATION BUILDING</b>	
<b>Staff Development</b>	
<b>SERVICES</b>	
Offering multi-faceted staff development activity to ensure that OFM has the capability to pursue its planned business results	

## Staff Development

OFM provides customised in-house training programs to meet the needs of our officers. This approach is cost effective and allows realistic case studies and scenarios to be included.

When required, OFM works with external providers to support staff development. We maintain strong relationships with these external partners, including those from the private sector, universities and other government agencies, to develop training events which meet the needs of our staff.

Our training program is supplemented with e-Learning software, which is installed on all staff computers. The following special staff development initiatives were undertaken in 2008-09.

- Writing skill training was upgraded to include Treasury's new templates, evidence based advice briefings and OFM's style guide.
- An alliance was formed with the Australian Bureau of Statistics (ABS) to provide OFM officers with a greater understanding of ABS' role and data as a source of evidence to support OFM advice.

During 2008-09, OFM staff attended 389 courses covering 137 programs. This involved 1,298 training days.

OFM Training days	2007-2008	2008-2009
Face to Face	1,046	1,298
E-Learning	180	121
<b>TOTAL</b>	<b>1,226</b>	<b>1,420</b>

Local, interstate and overseas secondments are also encouraged as a development option for OFM staff. In addition, OFM either initiated or participated in a number of initiatives that are of benefit to not only OFM officers, but also the broader public sector.

- A training program was developed to increase the skill and knowledge of Cost Benefit Analysis in NSW Government agencies. Following a pilot in August 2008 the program was conducted regularly. An even split of participants between OFM and other agencies ensured the awareness of both parties to each others use and need for cost benefit analyses. The program is now part of the IPAA NSW public program offering.
- Due to feedback from the cost benefit analysis workshops, an Economics for non-Economists program was developed. The course was piloted within OFM prior to its launch as part of the IPAA NSW public program from August 2009.
- In September 2008 the NSW Public Sector Community of Finance Professionals was launched with over 200 members from more than 60 agencies. This initiative is aimed at attracting and retaining finance professionals in the NSW public sector and promoting the sector as an employer of choice. OFM supports the Community together with the Department of Premier and Cabinet, CPA Australia, the Institute of Chartered Accountants and IPAA.
- In partnership with the Australian School of Business UNSW, OFM sponsors a scholarship to assist outstanding students entering the Honours year program majoring in Economics. The inaugural scholarship was awarded in June 2009.

*Stephen Brady, (on right) OFM Deputy Secretary presents Nick Orlic with the inaugural NSW Treasury Honours Scholarship at the 2009 Australian School of Business Awards Ceremony.*





## Our performance in 2008-09

### *Performance Agreement and Review (PAR)*

OFM's PAR scheme ensures that managers and staff are agreed on goals to be achieved and the support required, and that performance feedback is given. PAR participation is listed as a key deliverable of all managers. For 2008-09, 66% of staff participated. The Scheme will be reviewed in 2009-10 to ensure it meets management and staff needs and to encourage 100% participation.

### *Recruitment Effectiveness*

The recruitment of new graduates remains a major element of OFM's strategy to maintain a strong staff base.

The development of entry level graduates is supported by their rotation through each of our operational areas during their first year with OFM. They are then placed in a permanent position.

During 2008-09, OFM participated in the career fairs of five universities. Subsequently, seven graduates from various disciplines and universities were recruited from more than 450 who applied for our specialist accounting and general positions.

OFM also participated in the pilot *Fast Track Graduate Program* for accounting and policy graduates. The inaugural program cycle was completed by year end. The four graduates involved returned to OFM following 18 months of rotations – an initial six months in OFM followed by six months at two other agencies. In 2009-10, three new graduates are involved with the second cycle of the program.

OFM is redesigning the graduate recruitment area of its website to present more easily updated information in a way that better engages a "tech-savvy" audience.

### *Staff Feedback*

Surveys are used to monitor the commitment OFM makes to its staff - job satisfaction and personal and career development opportunity in an environment of strong leadership and effective management.

A brief quarterly questionnaire allows staff to flag emerging issues and management monitors trends. Every two years a detailed survey issues to obtain more comprehensive feedback on current or continuing issues. The most recent biennial survey was conducted in August 2009. Its results will be reported in next year's annual report.

During 2008-09 officers responding to the quarterly questionnaires continued to give generally positive responses. Strong positive attitudes were evident for key questions – 89% believed that OFM adheres to the agreed values; 93% were satisfied with OFM; and 95% were satisfied with their jobs.

In the latter part of the year OFM's Human Resources Executive Subcommittee, and then the Executive Board, considered options to improve communication of the quarterly staff questionnaire. This includes feedback on any action taken to respond to identified issues.

Consequently action to be taken in 2009-10 will include:

- Enabling staff to fill in the questionnaire via OFM's intranet
- Issuing regular feedback emails to staff advising of management response to issues emerging.

It is anticipated that these initiatives will lift the staff participation rate from its level of 41% in 2008-09.

Staff Quarterly Questionnaire Results	2004-2005 Actual	2005-2006 Actual	2006-2007 Actual	2007-2008 Actual	2008-2009 Actual	Target
staff participating	50%	39%	44%	45%	41%	≥75%
staff believe OFM values are being adhered to	93%	93%	89%	87%	89%	≥90%
staff satisfied with OFM	90%	91%	89%	90%	93%	≥90%
staff satisfied with their job	92%	95%	93%	93%	95%	≥90%

MISSION	✓
RESULTS	✓
STRATEGY	✓
<b>ORGANISATION BUILDING</b> Agency Relations	
SERVICES	
Applying an agency relations strategy that emphasises the need for OFM to work in partnership with other agencies in developing and implementing State financial reforms.	

## Agency Relations

OFM, and agencies, have a joint responsibility to apply the Government's Fiscal Strategy and maintain the State's *Triple A* credit rating. It is essential that OFM builds strong relationships with the other central agencies and line agencies so that we work in partnership to achieve strong state finances.

Recognising this importance, OFM has a code of good practice with agencies in which we commit to:

- Working in partnership to pursue successful implementation of financial management reforms.
- Openness, mutual respect and the sharing of information.

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OFM's Planned Action 2008-09:

*Conducting a biennial survey to check OFM's adherence to our code of good practice with agencies.*

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OFM aims to survey agencies every second year to check whether they feel we are complying with our code.

We were due to conduct a survey in late 2008. However, due to unexpected government and public sector changes that year and the focus required to prepare the November Mini Budget, the survey did not proceed. The next survey will be in 2010.

Last year's annual report provided historical data back to 1995 on our relationship with agencies. Detailed results for the 2006 survey were reported in the 2005-06 annual report.

Reflecting the importance that OFM places on its relationships with other agencies, a custom designed *Business Relationship Management* program was developed for Treasury analysts. This training program, which assists our analysts to develop and maintain effective business relationships with agencies and other key stakeholders, was an outcome of the *Role of the Analyst* initiative.

To strengthen inter-agency relationships the secondment of officers between OFM and other agencies is also encouraged. During 2008-09, twelve OFM staff were seconded to other government agencies. There were four secondments from other agencies into OFM.

## OFM's Code of Good Practice with Agencies

### **Regular Consultation, Openness and Courtesy**

OFM meets regularly with agencies, at least quarterly with larger ones, to discuss financial and relevant issues. Agencies must give OFM timely information on all developments. OFM discusses issues with agencies before making a final decision or recommendation to the Treasurer.

OFM works with agencies in planning and implementing financial management reforms. As required, interagency meetings are set up to discuss proposed reforms and implications for agencies. Agencies' views are sought if OFM's proposed changes affect a range of agencies. The need for teamwork, both within OFM and with other agencies, must be taken into account for all OFM's corporate plan initiatives.

Our planning methodology also requires special attention to any implementation issues for agencies. For each agency an OFM officer is designated as a single point of contact with OFM. Agencies must also establish their designated contact with OFM.

### **Consistent, Accurate Advice and Timely Responses**

A team based approach minimises the problems arising from changes in staff dealing with an individual agency.

OFM endeavours to ensure that all staff are fully trained to provide informed advice to agencies.

Agency contact officers ensure prompt response to ministerial and agency letters and requests. OFM will give direct advice within 15 working days. If referred to the Treasurer, a response is likely within 20 working days. Agencies are informed if these deadlines cannot be met. Agencies should give timely responses to OFM's reporting and data requests.

### **Performance Evaluation**

Agencies are surveyed every two years to assess how they rate OFM's commitment to service.

OFM Web top pages	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Search page	6	5	4	2	1
Treasurer's media releases	n/a	n/a	n/a	n/a	2
Budget papers index	4	2	1	1	3
Treasury Circulars index	-	6	10	3	4
Publications index	2	1	2	4	5
Current OFM jobs advertised	5	7	5	5	6
Budget papers 2008-2009	n/a	n/a	n/a	n/a	7
Mini Budget 2008	n/a	n/a	n/a	n/a	8
External links page	8	4	3	6	9
Procurement Index	9	8	7	9	10
Budget papers 2009-2010	n/a	n/a	n/a	n/a	11
Financial reports index	-	-	-	10	12
Working with Government website	-	-	8	7	-
Publications by policy index	7	9	6	8	-

### *Communication Strategies*

One of OFM's key responsibilities is to disseminate information on State financial management. This includes issuing financial reports for the information of all our stakeholders, including the people of NSW. It also includes exchanging information with public sector agencies to support the maintenance of a strong partnership with them. Our own internal operations depend on effective communication within OFM. Good communication is vital for us to meet our commitments to our stakeholders.

### *Electronic Service Delivery*

Increasingly OFM's web sites have become a major element of our Communication Strategy. We aim for these sites to be simple and accessible. We use the web as the main vehicle to apply the Government's Electronic Service Delivery Strategy and to provide information to our clients.

We analyse the areas most accessed to ensure that appropriate and easily accessed content is available for users of the sites. During 2008-09 the building and implementation of a NSW Budget Website was a major initiative. The aim was to improve the accessibility to information on how the Government is using and managing public money.

For the first time, information on the 2009-10 NSW Budget was made available from a single readily identifiable area – [www.budget.nsw.gov.au](http://www.budget.nsw.gov.au)

The new site simply presents and brings together Information, in addition to the Budget papers, in a way that is easily navigated and compliant with required accessibility standards. This enhances accountability for public financial management. OFM developed the Budget web site utilising the services of the Government accredited IT service provider, Squiz who supports the other Treasury web and intranet sites.

OFM's own web site addresses the particular needs of public sector agencies with a dedicated *Information for Agencies* area. Treasury Circulars issue to agencies via the web site, and our Policy & Guidelines Papers are also available on line. A subscription service automatically notifies agencies as new Circulars issue.

A system also is in place to enable agencies to electronically lodge their financial data directly into Treasury's Financial Information System. More generally, the OFM web site provides access to:

- all NSW Treasury publications, including our annual report
- reports on NSW finances
- advertised OFM job vacancies and tender specifications.



New South Wales  

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TREASURY

# financial statements

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GPO BOX 12  
Sydney NSW 2001

## INDEPENDENT AUDITOR'S REPORT

### THE TREASURY

To Members of the New South Wales Parliament

I have audited the accompanying financial report of The Treasury, which comprises the balance sheet as at 30 June 2009, the operating statement, statement of recognised income and expense, cash flow statement, service group statements, and summary of compliance with financial directives for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### **Auditor's Opinion**

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of The Treasury as at 30 June 2009, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

#### **Secretary's Responsibility for the Financial Report**

The Secretary is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to The Treasury's preparation and fair presentation of the financial report 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 Treasury's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Secretary, as well as evaluating the overall presentation of the financial report.

I believe that 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 Treasury,
- that it has carried out its activities effectively, efficiently and economically,
- about the effectiveness of its internal controls, or
- on the assumptions used in formulating the budget figures disclosed in the financial report.

### **Independence**

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- 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 role by the possibility of losing clients or income.



Peter Achterstraat  
Auditor-General

10 September 2009  
SYDNEY

**Statement by the Head of The Treasury**

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

- (a) the accompanying financial statements in respect of the year ended 30 June 2009 have been prepared in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the requirements of the *Public Finance and Audit Act 1983* and Regulation 2005, and the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under section 9(2) of the Act;
- (b) the statements and notes exhibit a true and fair view of the financial position and transactions of The Treasury; and
- (c) there are no circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.



**M Schur**  
**Secretary**  
**8 September 2009**



The Treasury

Operating Statement for the Year Ended 30 June 2009

	Notes	Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000
<b>Expenses excluding losses</b>				
Operating expenses				
Employee related	2(a)	132 852	132 703	120 536
Other operating expenses	2(b)	43 978	46 354	48 361
Depreciation and amortisation	2(c)	11 938	12 276	12 281
Grants and subsidies	2(d)	22 908	22 908	347 772
<b>Total Expenses excluding losses</b>		<b>211 676</b>	<b>214 241</b>	<b>528 950</b>
<b>Revenue</b>				
Sale of goods and services	3(a)	38 012	37 182	37 378
Investment revenue	3(b)	2 571	2 698	2 835
Retained taxes, fees and fines	3(c)	504	465	431
Grants and contributions	3(d)	27	-	-
Other revenue	3(e)	974	400	852
<b>Total Revenue</b>		<b>42 088</b>	<b>40 745</b>	<b>41 496</b>
<b>Gain / (loss) on disposal</b>	4	<b>(175)</b>	-	<b>(378)</b>
<b>Other gains / (losses)</b>	5	<b>(217)</b>	-	<b>(548)</b>
<b>Net Cost of Services</b>	20	<b>169 980</b>	<b>173 496</b>	<b>488 380</b>
<b>Government Contributions</b>				
Recurrent appropriation	6	150 730	150 904	471 750
Capital appropriation	6	8 523	8 556	5 119
Acceptance by the Crown Entity of employee benefits and other liabilities	7	9 870	8 244	8 057
<b>Total Government Contributions</b>		<b>169 123</b>	<b>167 704</b>	<b>484 926</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>	16	<b>(857)</b>	<b>(5 792)</b>	<b>(3 454)</b>

The accompanying notes form part of these financial statements.

## The Treasury

### Statement of Recognised Income and Expense for the Year Ended 30 June 2009

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	Notes	Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000
<hr/>				
<b>TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY</b>		-	-	-
Surplus / (Deficit) for the year	16	<u>(857)</u>	<u>(5 792)</u>	<u>(3 454)</u>
<b>TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR</b>		<u>(857)</u>	<u>(5 792)</u>	<u>(3 454)</u>

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The accompanying notes form part of these financial statements.

## The Treasury

### Balance Sheet as at 30 June 2009

	Notes	Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	9	33 929	33 304	33 576
Receivables	10	8 659	10 256	12 356
<b>Total Current Assets</b>		<b>42 588</b>	<b>43 560</b>	<b>45 932</b>
<b>Non-Current Assets</b>				
Receivables	10	101	41	41
Plant and equipment	11	25 715	20 942	24 287
Intangible assets	12	9 413	13 418	13 493
<b>Total Non-Current Assets</b>		<b>35 229</b>	<b>34 401</b>	<b>37 821</b>
<b>Total Assets</b>		<b>77 817</b>	<b>77 961</b>	<b>83 753</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	13	5 401	10 580	10 580
Provisions	14	13 565	12 025	12 025
Other	15	378	1 840	1 840
<b>Total Current Liabilities</b>		<b>19 344</b>	<b>24 445</b>	<b>24 445</b>
<b>Non-Current Liabilities</b>				
Provisions	14	165	134	134
Other	15	116	125	125
<b>Total Non-Current Liabilities</b>		<b>281</b>	<b>259</b>	<b>259</b>
<b>Total Liabilities</b>		<b>19 625</b>	<b>24 704</b>	<b>24 704</b>
<b>Net Assets</b>		<b>58 192</b>	<b>53 257</b>	<b>59 049</b>
<b>EQUITY</b>				
Accumulated funds		58 192	53 257	59 049
<b>Total Equity</b>	16	<b>58 192</b>	<b>53 257</b>	<b>59 049</b>

The accompanying notes form part of these financial statements.

The Treasury

Cash Flow Statement for the Year Ended 30 June 2009

	Notes	Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Payments</b>				
Employee related		(121 056)	( 124 459)	(111 029)
Grants and subsidies		(22 908)	(22 908)	(347 773)
Other		(59 336)	( 56 599)	(52 425)
<b>Total Payments</b>		<b>(203 300)</b>	<b>( 203 966)</b>	<b>(511 227)</b>
<b>Receipts</b>				
Sale of goods and services		39 594	37 182	37 296
Retained taxes, fees and fines		504	465	431
Interest received		3 235	2 698	2 208
GST		8 956	10 245	8 612
Other		3 157	2 500	1 379
<b>Total Receipts</b>		<b>55 446</b>	<b>53 090</b>	<b>49 926</b>
<b>Cash Flows from Government</b>				
Recurrent appropriation	6	150 730	150 904	473 582
Capital appropriation (excluding equity appropriations)	6	8 765	8 556	5 119
Cash transfers to the Consolidated Fund		(1 832)	-	(165)
<b>Net Cash Flows from Government</b>		<b>157 663</b>	<b>159 460</b>	<b>478 536</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	20	<b>9 809</b>	<b>8 584</b>	<b>17 235</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of plant and equipment		7	-	182
Purchases of plant and equipment and intangibles		(9 467)	(8 856)	(5 799)
Other		4	-	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(9 456)</b>	<b>(8 856)</b>	<b>(5 617)</b>
<b>NET INCREASE / (DECREASE) IN CASH</b>		<b>353</b>	<b>(272)</b>	<b>11 618</b>
Opening cash and cash equivalents		33 576	23 924	21 958
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	9	<b>33 929</b>	<b>23 652</b>	<b>33 576</b>

The accompanying notes form part of these statements

## Supplementary Financial Statements

### Service Group Statements\* for the year ended 30 June 2009

THE TREASURY'S EXPENSES & INCOME	Service Group** 52.1.1		Service Group** 52.2.1		Service Group** 52.3.1		Service Group** 52.4.1		Not Attributable		Total	
	2009	2008***	2009	2008***	2009	2008***	2009	2008***	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses excluding losses</b>												
Operating expenses												
Employee related	37 442	32 970	52 777	48 658	36 721	34 053	5 912	4 855	-	-	132 852	120 536
Other operating expenses	12 041	14 592	15 528	17 250	14 259	15 362	2 150	1 157	-	-	43 978	48 361
Depreciation and amortisation	669	390	7 989	8 385	2 417	2 733	863	773	-	-	11 938	12 281
Grants and subsidies	169	169	22 739	22 182	-	-	-	325 421	-	-	22 908	347 772
<b>Total expenses excluding losses</b>	<b>50 321</b>	<b>48 121</b>	<b>99 033</b>	<b>96 475</b>	<b>53 397</b>	<b>52 148</b>	<b>8 925</b>	<b>332 206</b>	-	-	<b>211 676</b>	<b>528 950</b>
<b>Revenue</b>												
Sale of goods and services	8 901	8 583	3 086	3 240	25 956	25 545	69	10	-	-	38 012	37 378
Investment revenue	558	631	1 323	1 366	547	712	143	126	-	-	2 571	2 835
Retained taxes, fees and fines	-	-	-	-	504	431	-	-	-	-	504	431
Grants and contributions	-	-	24	-	-	-	3	-	-	-	27	-
Other revenue	24	21	901	810	5	3	44	18	-	-	974	852
<b>Total Revenue</b>	<b>9 483</b>	<b>9 235</b>	<b>5 334</b>	<b>5 416</b>	<b>27 012</b>	<b>26 691</b>	<b>259</b>	<b>154</b>	-	-	<b>42 088</b>	<b>41 496</b>
Gain / (loss) on disposal	-	(298)	(157)	(68)	(1)	(6)	(17)	(6)	-	-	(175)	(378)
Other gains / (losses)	-	-	-	-	-	-	(217)	(548)	-	-	(217)	(548)
<b>Net Cost Of Services</b>	<b>40 838</b>	<b>39 184</b>	<b>93 856</b>	<b>91 127</b>	<b>26 386</b>	<b>25 463</b>	<b>8 900</b>	<b>332 606</b>	-	-	<b>169 980</b>	<b>488 380</b>
Government contributions ****	-	-	-	-	-	-	-	-	169 123	484 926	169 123	484 926
<b>NET EXPENDITURE / (INCOME) FOR THE YEAR</b>	<b>40 838</b>	<b>39 184</b>	<b>93 856</b>	<b>91 127</b>	<b>26 386</b>	<b>25 463</b>	<b>8 900</b>	<b>332 606</b>	<b>(169 123)</b>	<b>(484 926)</b>	<b>857</b>	<b>3 454</b>
<b>THE TREASURY'S ASSETS &amp; LIABILITIES *****</b>												
<b>Current Assets</b>												
Cash and cash equivalents	10 704	16 954	-	-	-	-	-	-	23 225	16 622	33 929	33 576
Receivables	1 293	1 284	2 077	2 220	4 383	5 974	906	2 878	-	-	8 659	12 356
<b>Total Current Assets</b>	<b>11 997</b>	<b>18 238</b>	<b>2 077</b>	<b>2 220</b>	<b>4 383</b>	<b>5 974</b>	<b>906</b>	<b>2 878</b>	<b>23 225</b>	<b>16 622</b>	<b>42 588</b>	<b>45 932</b>
<b>Non-Current Assets</b>												
Receivables	-	-	73	28	21	10	7	3	-	-	101	41
Plant and equipment	1 574	1 227	11 249	9 901	12 025	11 974	867	1 185	-	-	25 715	24 287
Intangibles	793	616	3 666	5 845	4 606	6 423	348	609	-	-	9 413	13 493
<b>Total Non-Current Assets</b>	<b>2 367</b>	<b>1 843</b>	<b>14 988</b>	<b>15 774</b>	<b>16 652</b>	<b>18 407</b>	<b>1 222</b>	<b>1 797</b>	-	-	<b>35 229</b>	<b>37 821</b>
<b>TOTAL ASSETS</b>	<b>14 364</b>	<b>20 081</b>	<b>17 065</b>	<b>17 994</b>	<b>21 035</b>	<b>24 381</b>	<b>2 128</b>	<b>4 675</b>	<b>23 225</b>	<b>16 622</b>	<b>77 817</b>	<b>83 753</b>

The Treasury

## Supplementary Financial Statements

## Service Group Statements\* for the year ended 30 June 2009 (continued)

THE TREASURY'S ASSETS & LIABILITIES	Service Group** 52.1.1		Service Group** 52.2.1		Service Group** 52.3.1		Service Group** 52.4.1		Not Attributable		Total	
	2009	2008***	2009	2008***	2009	2008***	2009	2008***	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Current Liabilities</b>												
Payables	1 267	6 109	2 692	2 871	1 170	1 304	272	296	-	-	5 401	10 580
Provisions	4 321	4 005	5 116	4 456	3 555	3 119	573	445	-	-	13 565	12 025
Other	242	1 454	64	262	16	97	56	27	-	-	378	1 840
<b>Total Current Liabilities</b>	<b>5 830</b>	<b>11 568</b>	<b>7 872</b>	<b>7 589</b>	<b>4 741</b>	<b>4 520</b>	<b>901</b>	<b>768</b>	-	-	<b>19 344</b>	<b>24 445</b>
<b>Non-Current Liabilities</b>												
Provisions	50	44	64	50	44	35	7	5	-	-	165	134
Other	-	-	84	85	24	31	8	9	-	-	116	125
<b>Total Non-Current Liabilities</b>	<b>50</b>	<b>44</b>	<b>148</b>	<b>135</b>	<b>68</b>	<b>66</b>	<b>15</b>	<b>14</b>	-	-	<b>281</b>	<b>259</b>
<b>Total Liabilities</b>	<b>5 880</b>	<b>11 612</b>	<b>8 020</b>	<b>7 724</b>	<b>4 809</b>	<b>4 586</b>	<b>916</b>	<b>782</b>	-	-	<b>19 625</b>	<b>24 704</b>
<b>NET ASSETS</b>	<b>8 484</b>	<b>8 469</b>	<b>9 045</b>	<b>10 270</b>	<b>16 226</b>	<b>19 795</b>	<b>1 212</b>	<b>3 893</b>	<b>23 225</b>	<b>16 622</b>	<b>58 192</b>	<b>59 049</b>

\* NSW Budget Paper No 3 has replaced program statements with service group statements. Service group statements focus on the key measures of service delivery performance. Service group names are identical to the former program titles.

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

\*\*\* Comparative amounts have been reclassified to align with the change in focus from programs to service groups.

\*\*\*\* Appropriations and acceptance by the Crown Entity of employee benefits and other liabilities are made on an agency basis and not to individual service groups. Consequently, government contributions must be included in the "Not Attributable" column.

\*\*\*\*\* All Assets and Liabilities for Service Group 52.1.1 have been applied directly. For the remaining service groups, the Assets and Liabilities with the exception of Cash have either been directly allocated where there is a distinct relationship or, allocated using an appropriate base eg. Net cost of Service. As Cash can be applied in achieving the objectives of all service groups it is classified as "Not Attributable".

ADMINISTERED EXPENSES & INCOME	Service Group** 52.1.1		Service Group** 52.2.1		Service Group** 52.3.1		Service Group** 52.4.1		Not Attributable		Total	
	2009	2008***	2009	2008***	2009	2008***	2009	2008***	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Administered Expenses</b>												
Other (Note 26) (ii)	-	-	52 411	43 069	-	85 589	797 779	61 086	-	-	850 190	189 744
<b>Total Administered Expenses</b>	-	-	<b>52 411</b>	<b>43 069</b>	-	<b>85 589</b>	<b>797 779</b>	<b>61 086</b>	-	-	<b>850 190</b>	<b>189 744</b>
<b>Administered Income</b>												
Revenues earned (Note 27(a))												
Taxes, fees and fines (i)	-	-	15 077 539	15 967 318	295 658	274 526	-	-	-	-	15 373 197	16 241 844
Other	-	-	713 239	755 292	-	-	-	-	-	-	713 239	755 292
<b>Total Administered Income</b>	-	-	<b>15 790 778</b>	<b>16 722 610</b>	<b>295 658</b>	<b>274 526</b>	-	-	-	-	<b>16 086 436</b>	<b>16 997 136</b>
<b>Administered Income less Expenses</b>	-	-	<b>15 738 367</b>	<b>16 679 541</b>	<b>295 658</b>	<b>188 937</b>	<b>797 779</b>	<b>61 086</b>	-	-	<b>15 236 246</b>	<b>16 807 392</b>

- (i) The 2008 comparative under service group 52.3.1 has been restated to correct for errors identified in 2009 (refer to Note 1(d)).
- (ii) The 2008 comparatives for service group 52.4.1 have been restated to include amounts previously disclosed under service group 52.2.1. These relate to petroleum subsidy payments, GST rebates paid to clubs and unclaimed money refunds.
- (iii) Administered assets and liabilities are disclosed in notes 23 and 24.

## Summary of Compliance with Financial Directives

	2009				2008			
	Recurrent Appropriation	Expenditure/ Net Claim on Consolidated Fund	Capital Appropriation	Expenditure/ Net Claim on Consolidated Fund	Recurrent Appropriation	Expenditure/ Net Claim on Consolidated Fund	Capital Appropriation	Expenditure/ Net Claim on Consolidated Fund
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Original Budget Appropriation/ Expenditure</b>								
▪ Appropriation Act	150 904	150 524	8 556	8 478	465 229	464 575	5 119	5 119
▪ s 26 PF&AA – Commonwealth specific purpose payments	-	-	120	-	-	-	-	-
<b>Other Appropriations/ Expenditure</b>								
▪ Section 22 – expenditure for certain works and services	206	206	445	45	31 000	3 422	-	-
▪ Transfers from another agency (section 31 of the Appropriation Act)	-	-	-	-	2 727	1 557	-	-
▪ Transfers from another agency (section 31 of the Appropriation Act)	(69)	-	-	-	(370)	-	-	-
▪ Transfers from another agency (section 33 of the Appropriation Act)	-	-	-	-	2 196	2 196	-	-
<b>Total Appropriations/ Expenditure/ Net Claim on Consolidated Fund (includes transfer payments)</b>	151 041	150 730	9 121	8 523	500 782	471 750	5 119	5 119
<b>Amount drawn down against Appropriation</b>		150 730		8 765		473 582		5 119
<b>Liability to Consolidated Fund (Note 15)</b>		-		242		1 832		-

- The Summary of Compliance is based on the assumption that Consolidated Fund moneys are spent first (except where otherwise identified or prescribed).
- The “Liability to Consolidated Fund” represents the difference between the “Amount drawn down against Appropriation” and the “Total Expenditure / Net Claim on Consolidated Fund”.



**Notes to the Financial Statements  
30 June 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Reporting Entity**

The Treasury, as a reporting entity comprises all the operating activities of the Office of Financial Management (OFM) and the Office of State Revenue (OSR). The OFM serves the Treasurer and the Government by providing economic, budgetary and financial advice on the effective management of and accounting for the State's finances and for providing timely and relevant information on the overall State finances. The OSR is responsible for the administration and collection of specific taxes imposed by the State of New South Wales and income tax equivalents from State Government businesses. OSR is also responsible for the processing and enforcement of fines, administration and payment of grants under the First Home Owner Grant Scheme (FHOGS) and Unclaimed Money.

In the process of preparing the financial statements for The Treasury, all transactions between the OSR and the OFM have been eliminated.

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

Administered activities 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 financial report for the year ended 30 June 2009 has been authorised for issue by the Secretary on 8 September 2009.

**(b) Basis of Preparation**

The Treasury's financial report is a general purpose financial report which has 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 2005, and
- the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

Plant and equipment are measured at fair value. Other financial report 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 report.

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

**(c) Statement of Compliance**

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

**(d) Administered Activities**

The Treasury administers, but does not control, certain activities on behalf of the Crown Entity and commercial clients. It is accountable for the transactions relating to those administered activities but does not have the discretion, for example, to deploy those resources for the achievement of The Treasury's own objectives. The accrual basis of accounting; applicable accounting standards and Crown entity income recognition policies have been adopted.

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

## The Treasury

### Notes to the Financial Statements 30 June 2009

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 27 (a):

- Government-assessed revenues (primarily land tax) are regarded as being able to be measured reliably at the time of issuing the assessment.
- Taxpayer-assessed revenues (including pay-roll tax and duties) 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.

From the 1st July 2008 the FHOGS became an administered activity of The Treasury for the Crown (as opposed to a departmental activity) and is reported under Notes 23 to 27. Receivables owing as at 30 June 2008 have remained with OSR. FHOGS receivables are a statutory requirement and are not financial liabilities or financial assets.

The FHOGS amount is net of returns of payments made in relation to contracts not settled and recoveries by compliance auditors of payments made to ineligible applicants. Write-offs are added back. Penalties, imposed in terms of the FHOGS legislation on applicants for wrongful claims, are also netted off against the total amount of payments made in the year.

#### Prior Year Correction

In prior years fine receivables administered on behalf of commercial clients (predominantly local councils) were included as administered assets of the Crown in error. A classification error which affected the prior period allowance for impairment estimate was also identified in 2009. The following adjustments have been made to correct these errors:

- A \$88.5 million revaluation expense to correct the classification error in 2008.

Administered Expenses - Note 26	2008 Post correction \$'000	2008 Prior to correction \$'000	Change \$'000
Revaluation - fine receivables	85 589	-	85 589

- A \$16.3 million decrease in the Motor traffic fines comparative for 2008 that is offset by an amount of \$2.6 million reclassified from fees to motor traffic as outlined below.

Fines Revenue Earned - Note 27(a)	2008 Post correction \$'000	2008 Prior to correction \$'000	Change \$'000
Motor traffic fines	231 739	245 493	(13 754)
Other fines	1 358	1 358	-
Fees	34 578	37 169	(2 591)
Court fines	6 851	6 851	-
<b>Total fines</b>	<b>274 526</b>	<b>290 871</b>	<b>(16 345)</b>

## The Treasury

### Notes to the Financial Statements 30 June 2009

In addition the comparatives under note 23(b) have been amended to include amounts administered on behalf of Attorney Generals Department and RTA sanction fees. Changes were also implemented to improve estimates of amounts considered recoverable and meeting asset recognition criteria following identification of a classification error during 2009 for prior periods. The impact of these changes is outlined below.

	2008 Post correction \$'000	2008 Prior to correction \$'000	Change \$'000
Opening balance	935 525	855 155	80 370
Movement excluding write off adjustment	46 737	43 272	3 465
Write off adjustment	<u>(37 380)</u>	<u>(37 380)</u>	-
	<b>944 882</b>	<b>861 047</b>	<b>83 835</b>
Less: Amounts not meeting asset recognition criteria	<u>(795 922)</u>	<u>(609 298)</u>	<u>(186 624)</u>
	<b><u>148 960</u></b>	<b><u>251 749</u></b>	<b><u>(102 789)</u></b>

#### (e) Insurance

The Treasury'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.

#### (f) Accounting for the Goods and Services Tax (GST)

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

- the amount of GST incurred by The Treasury 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 cash flow statement on a gross basis. However, the GST components of cash flows arising from investing activities and financing activities which is recoverable from, or payable to, the Australian Taxation office are classified as operating cash flows.

#### (g) 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

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

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 15 as part of "Current / Non-Current Liabilities - Other". The amount will be repaid and the liability will be extinguished in the next financial year.

##### (ii) Sale of Goods

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

##### (iii) Rendering of Services

Revenue is recognised when the service is provided.

##### (iv) Investment Revenue

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

## The Treasury

### Notes to the Financial Statements 30 June 2009

#### (h) Grants and Subsidies Expense

Payments to the AASB and The NSW Department of Lands for the provision of land information and valuation services required to administer the Land Tax Management Act 1956.

#### (i) Assets

##### (i) Acquisition of Assets

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

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

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

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

##### (ii) Capitalisation Thresholds

Intangibles (software), plant and equipment (excluding computer hardware), costing at least \$5 000 is capitalised. Computer hardware costing at least \$1 000 is capitalised. However, grouped assets with inter-related functions such as the computer network are capitalised regardless of cost.

##### (iii) Revaluation of 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 07-1). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment*.

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

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

Most of The Treasury's assets are non-specialised with short useful lives and are therefore measured at depreciated historical cost, as a surrogate for fair value.

##### (iv) Impairment of Plant and Equipment

As a not-for-profit entity with no cash generating units, The Treasury 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.

##### (v) Depreciation of 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 Treasury.

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

The useful lives of each category of depreciable assets are:

Computer hardware	4 years
Office equipment	5 to 7 years
Office furniture	10 years
Computer software	4 years

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(vi) Maintenance

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

(vii) Leased Assets

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

(viii) Intangible Assets

The Treasury recognises intangible assets only if it is probable that future economic benefits will flow to The Treasury 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 Treasury's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Treasury's intangible assets are amortised using the straight line method over a period ranging from 4 to 10 years depending upon the nature of the application.

Intangible assets are tested for impairment where an indicator of impairment exists. However, as a not-for-profit entity with no cash generating units, The Treasury is effectively exempted from impairment testing (refer Para (iv)).

(ix) Receivables

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

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

(x) Impairment of Financial Assets

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

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

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

(xi) De-recognition 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 Treasury transfers the financial assets:

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

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

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

## The Treasury

### Notes to the Financial Statements 30 June 2009

(xii) Trust Funds

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

(xiii) 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 Treasury 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) 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.

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

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

(b) Long service leave and superannuation

The Treasury's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Treasury 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 is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors (specified in NSWTC 09/04) 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 (i.e., Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(iii) Other Provisions

Other provisions exist when: The Treasury 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 The Treasury has a detailed formal plan and 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) Budgeted Amounts**

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

The budgeted amounts in the Operating Statement and the Cash Flow Statement are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the balance sheet, the amounts vary from the Budget Papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts i.e. per the audited financial statements (rather than carried forward estimates).

**Notes to the Financial Statements  
30 June 2009**

**(l) Comparative Information**

Except where 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.

In the Cash Flow Statement, two comparative changes have been made.

- A reclassification of FHOGS debtors resulted in a reduction to Grants and subsidies payments of \$721 000 and an increase in Other receipts. The reclassification conforms with generally accepted accounting principles.
- Purchases of plant and equipment has been renamed Purchase of plant and equipment and intangibles. The result decreased 'Other' by \$123 000 and increased the renamed account by the same. This change more accurately reflects the nature of expenditure.

**(m) New Australian Accounting Standards issued but not effective**

The following new Accounting Standards issued and not yet effective have not been early adopted.

- AASB 1 (May 2009) regarding first time adoption of Australian Accounting Standards;
- AASB 3 (Mar 2008), AASB 127 and AASB 2008-3 regarding business combinations;
- AASB 8 (Feb 2007) and AASB 2007-3 regarding operating segments;
- AASB 101 (Sept 2007), AASB 2007-8 and AASB 2007-10 regarding presentation of financial statements;
- AASB 123 (June 2007) and AASB 2007-6 regarding borrowing costs;
- AASB 1039 (Aug 2008) regarding concise financial reports;
- AASB 2008-1 (Feb 2008) regarding share based payments;
- AASB 2008-2 (Mar 2008) regarding puttable financial instruments;
- AASB 2008-5 (Jul 2008) and AASB 2008-6 regarding amendments to the Australian Accounting Standards arising from the Annual Improvements Project;
- AASB 2008-7 (Jul 2008) regarding costs of an investment in a subsidiary, jointly controlled entity, or an associate;
- AASB 2008-8 (Aug 2008) regarding eligible hedged items;
- AASB 2008-9 (Sep 2008) regarding AASB 1049 amendments consistent with AASB 101;
- AASB 2008-11 (Nov 2008) regarding business combinations with not-for-profit entities;
- AASB 2009-1 (Apr 2009) regarding borrowing costs of not for profit public sector entities;
- AASB 2009-2 (Apr 2009) regarding financial instrument disclosures;
- AASB 2009-3 (April 2009) regarding embedded derivatives;
- AASB 2009-4 (May 2009) and AASB 2009-5 regarding amendments to the Australian Accounting Standards from the Annual Improvements Projects;
- AASB 2009-6 (Jun 2009) and AASB 2009-7 regarding amendments to the Australian Accounting Standards;
- Interpretation 1 (Jun 2007) on changes in existing decommissioning, restoration and similar liabilities;
- Interpretation 12 (Jun 2007) on service concession arrangements;
- Interpretation 15 (Aug 2008) on construction of real estate;
- Interpretation 16 (Aug 2008) on hedges of a net investment in a foreign operation;
- Interpretation 17 (Dec 2008) and AASB 2008-13 on distribution of non cash assets to owners;
- Interpretation 18 (Mar 2009) on transfers of assets from customers.

The impact of these new Standards and Interpretations will have no material impact on the financial report of The Treasury in future periods.

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Notes to the Financial Statements  
30 June 2009

2. EXPENSES EXCLUDING LOSSES

	2009 \$'000	2008 \$'000
<b>(a) Employee related expenses</b>		
Salaries and wages (including recreation leave)	107 852	99 584
Superannuation – defined benefit plans	4 532	4 515
Superannuation – defined contribution plans	6 326	5 630
Long service leave	5 115	3 279
Workers' compensation insurance	1 296	654
Pay-roll tax and fringe benefits tax	7 175	6 796
On-costs on LSL not assumed by Crown	556	78
	<u>132 852</u>	<u>120 536</u>
Employee related expenses of \$0.7 million (2007-2008 - \$0.7 million) have been incurred for various capital projects and are included in computer software costs, intangible costs and capital work in progress in Notes 11 and 12. Except as noted, there are no other employee related payments included in asset and expenditure accounts.		
<b>(b) Other operating expenses</b>		
Auditor's remuneration		
Audit or review of financial reports	296	274
Operating lease rental expense		
Minimum lease payments	9 351	9 724
Maintenance (i)	727	1 128
Insurance	126	152
Other		
Contractors' and consultancy fees	11 182	13 901
Printing and advertising	3 703	3 938
Centralised corporate support charges	3 675	3 648
Computer maintenance and software licences	2 250	1 596
Data access fees	2 223	2 475
Training	1 054	865
Building maintenance and utilities	1 232	2 234
FHOGS	588	8
Travel	866	853
Minor plant, equipment and stores	825	886
Postal charges	325	390
Bank charges	1 547	1 941
Other	4 008	4 348
	<u>43 978</u>	<u>48 361</u>
<b>(c) Depreciation and amortisation expense</b>		
Depreciation (Note 11)		
Computer hardware	2 928	2 564
Computer software	1 149	1 443
Office equipment	768	757
Office furniture	1 033	945
	<u>5 878</u>	<u>5 709</u>
Amortisation (Note 12)	<u>6 060</u>	<u>6 572</u>
Total depreciation and amortisation	<u>11 938</u>	<u>12 281</u>
<b>(d) Grants and subsidies</b>		
FHOGS (ii)	-	325 421
Department of Lands	22 739	22 182
Other	169	169
	<u>22 908</u>	<u>347 772</u>



The Treasury

Notes to the Financial Statements  
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	2009 \$'000	2008 \$'000
(i) Reconciliation – Total maintenance		
Maintenance expense – contracted labour and other (non-employee related), as above	727	1 128
Maintenance related employee expenses included in Note 2(a)	<u>5 792</u>	<u>5 141</u>
Total maintenance expenses included in Note 2(a) + 2(b)	<u><b>6 519</b></u>	<u><b>6 269</b></u>
(ii) Total FHOGS payments	-	338 745
Less returns – payments on contracts not settled	-	(11 172)
Refunds – ineligible payments	-	(2 742)
Penalties on wrongful claims	-	(643)
Add Write-off of refunds due	<u>-</u>	<u>1 233</u>
Net FHOGS payments	<u><b>-</b></u>	<u><b>325 421</b></u>
Payments for 2008-2009 are disclosed under Note 26.		

**3. REVENUES**

	2009 \$'000	2008 \$'000
<b>(a) Sale of goods and services</b>		
<b>Sale of Goods</b>		
Sale of publications	4	18
<b>Rendering of Services</b>		
Land tax search fees	2 443	2 705
Administration fees	683	517
Penalty notice fees (i)	25 916	25 436
Other (ii)	<u>8 966</u>	<u>8 702</u>
	<u><b>38 012</b></u>	<u><b>37 378</b></u>
<b>(b) Investment revenue</b>		
Interest	<u>2 571</u>	<u>2 835</u>
	<u><b>2 571</b></u>	<u><b>2 835</b></u>
<b>(c) Retained taxes, fees and fines</b>		
<b>Fees</b>		
Annulment fees	<u>504</u>	<u>431</u>
	<u><b>504</b></u>	<u><b>431</b></u>
<b>(d) Grants and contributions</b>		
Other grants	<u>27</u>	<u>-</u>
	<u><b>27</b></u>	<u><b>-</b></u>
<b>(e) Other revenue</b>		
Legal fees	490	610
Other	<u>484</u>	<u>242</u>
	<u><b>974</b></u>	<u><b>852</b></u>
(i) Penalty notice fees represent a service provided by the SDRO to a range of local government and public sector clients.		
(ii) Includes \$8.9 million (2007-08 \$8.6 million) relating to the recoupment of administrative costs, composed mainly of salaries and accommodation, for OFM employees, relating to Crown Asset and Liability Management.		

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Notes to the Financial Statements  
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4. GAIN / (LOSS) ON DISPOSAL OF NON-CURRENT ASSETS

	2009 \$'000	2008 \$'000
Gain / (loss) on disposal of plant and equipment		
Proceeds from disposal	7	182
Written down value of assets disposed	<u>(182)</u>	<u>(526)</u>
<b>Net gain / (loss) on disposal of plant and equipment</b>	<b><u>(175)</u></b>	<b><u>(344)</u></b>
Gain / (loss) on disposal of intangibles		
Written down value of intangibles disposed	-	<u>(34)</u>
<b>Net gain / (loss) on disposal of intangibles</b>	<b><u>-</u></b>	<b><u>(34)</u></b>
<b>Total gain / (loss) on disposal of non-current assets</b>	<b><u>(175)</u></b>	<b><u>(378)</u></b>

5. OTHER GAINS / (LOSSES)

	2009 \$'000	2008 \$'000
Impairment of FHOGS receivables	<u>(217)</u>	<u>(548)</u>
	<b><u>(217)</u></b>	<b><u>(548)</u></b>

6. APPROPRIATIONS

	2009 \$'000	2008 \$'000
<b>Recurrent appropriations</b>		
Total recurrent draw-downs from NSW Treasury (per Summary of Compliance) (i)	150 730	473 582
Less: Liability to Consolidated Fund (per Summary of Compliance)	<u>-</u>	<u>1 832</u>
	<b><u>150 730</u></b>	<b><u>471 750</u></b>
Comprising:		
Recurrent appropriations (per Operating Statement) (i)	<b><u>150 730</u></b>	<b><u>471 750</u></b>
<b>Capital appropriations</b>		
Total capital draw-downs from NSW Treasury (per Summary of Compliance)	8 765	5 119
Less: Liability to Consolidated Fund (per Summary of Compliance)	<u>242</u>	<u>-</u>
	<b><u>8 523</u></b>	<b><u>5 119</u></b>
Comprising:		
Capital appropriations (per Operating Statement)	<b><u>8 523</u></b>	<b><u>5 119</u></b>
(i) The decrease in 2009 is attributed to the 1 July 2008 transfer of FHOGS to the Crown.		

7. ACCEPTANCE BY THE CROWN ENTITY OF EMPLOYEE BENEFITS AND OTHER LIABILITIES

	2009 \$'000	2008 \$'000
The following liabilities and/or expenses have been assumed by the Crown Entity:		
Superannuation – defined benefit	4 532	4 516
Long service leave	5 115	3 279
Pay-roll tax	<u>223</u>	<u>262</u>
	<b><u>9 870</u></b>	<b><u>8 057</u></b>

## The Treasury

### Notes to the Financial Statements 30 June 2009

#### 8. SERVICE GROUPS OF THE TREASURY

<b>(a) Service Group 52.1.1</b>	<b>State Resource Management</b>
Objective:	Ensuring State finances support the delivery and long run affordability of services. Implementing policy settings that promote a competitive State economy.
<b>(b) Service Group 52.2.1</b>	<b>Revenue Administration Services</b>
Objective:	Ensure effective and equitable collection of revenue from taxes, duties and other sources due to the State of New South Wales.
<b>(c) Service Group 52.3.1</b>	<b>Infringement Processing and Fine Enforcement Management</b>
Objective:	Ensure effective and timely infringement processing and fine enforcement services.
<b>(d) Service Group 52.4.1</b>	<b>Benefits Services</b>
Objective:	Ensure eligible applicants receive payments due under State Government schemes.

#### 9. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2009 \$'000	2008 \$'000
Cash at bank and on hand	<u>33 929</u>	<u>33 576</u>
	<b><u>33 929</u></b>	<b><u>33 576</u></b>

For the purposes of the Cash Flow Statement, cash and cash equivalents include cash at bank and cash on hand.

Cash and cash equivalent assets recognised in the Balance Sheet are reconciled at the end of the financial year to the Cash Flow Statement as follows:

Cash and cash equivalents (per Balance Sheet)	<u>33 929</u>	<u>33 576</u>
Closing cash and cash equivalents (per Cash Flow Statement)	<u>33 929</u>	<u>33 576</u>

Refer to Note 21 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

#### 10. .CURRENT / NON-CURRENT ASSETS – RECEIVABLES

	2009 \$'000	2008 \$'000
<b>Current</b>		
Sale of goods and services (i)	3 985	5 566
Other (i)	1 198	847
Prepayments	1 278	964
GST receivable from ATO	511	638
FBT receivable	-	38
Interest	960	1 624
FHOGS (ii)	944	3 462
Less: Allowance for impairment	<u>217</u>	<u>783</u>
	<b><u>8 659</u></b>	<b><u>12 356</u></b>
<b>Non-Current</b>		
Prepayments	<u>101</u>	<u>41</u>
<b>Total</b>	<b><u>8 760</u></b>	<b><u>12 397</u></b>

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Notes to the Financial Statements  
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(i) Sales of goods and services and Other

As at 30 June 2009 \$3.8 million, (2007-2008 \$5.3 million) receivables for the sale of goods and services is attributable to services provided to SDRO clients, including local government and other public sector clients. \$2.3 million (2007-2008 \$1.9 million) represents the value of services provided for which invoices are to be issued.

The total receivables position as at 30 June 2009 was as follows:

	2009 \$'000	2008 \$'000
<b>Total receivables</b>		
Current amount	3 572	2 243
Overdue amount	<u>1 611</u>	<u>4 170</u>
	5 183	6 413
Less: Allowance for impairment	<u>-</u>	<u>-</u>
	<b><u>5 183</u></b>	<b><u>6 413</u></b>

Overdue Amounts

Receivable	Less than 3 months		3 to 6 months		More than 6 months		Total		Allowance for impairment		Net	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Sales of goods and services	1 449	3 127	4	126	30	150	1 483	3 403	-	-	1 483	3 403
Others	<u>18</u>	<u>677</u>	<u>0</u>	<u>14</u>	<u>110</u>	<u>76</u>	<u>128</u>	<u>767</u>	<u>-</u>	<u>-</u>	<u>128</u>	<u>767</u>
Total	<u>1 467</u>	<u>3 804</u>	<u>4</u>	<u>140</u>	<u>140</u>	<u>226</u>	<u>1 611</u>	<u>4 170</u>	<u>-</u>	<u>-</u>	<u>1 611</u>	<u>4 170</u>

Refer to Note 21 for credit risk, liquidity risk and market risk arising from financial instruments.

(ii) FHOGS Debt

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

From 1 July 2008, amounts are disclosed under Note 23 Administered Assets. The amount remaining represents unpaid amounts prior to 1 July 2008.

The FHOGS debtors of \$944 000 reported above are net of \$90 000 of credits pending finalisation on client accounts.

The total debt position as at 30 June 2009 was as follows:

	2009 \$'000	2008 \$'000
<b>Total debt</b>		
Current amount	3	25
Overdue amount	<u>1 031</u>	<u>3 531</u>
	1 034	3 556
Less: Allowance for impairment	<u>217</u>	<u>783</u>
	<b><u>817</u></b>	<b><u>2 773</u></b>

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Notes to the Financial Statements  
30 June 2009

Overdue Amounts

Receivable	Less than 3 months		3 to 6 months		More than 6 months		Total		Allowance for impairment*		Net	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
FHOGS	7	804	0	469	1 024	2 258	1 031	3 531	217	783	814	2 748

\* The allowance for impairment relates to matters greater than 6 months overdue.

Movements in the allowance for impaired overdue amounts are as follows:

	2009 \$'000	2008 \$'000
<b>Total Debt</b>		
Opening balance	783	235
Increase / (decrease) in allowance for impairment recognised	(566)	548
Closing balance	<u>217</u>	<u>783</u>

11. NON-CURRENT ASSETS – PLANT & EQUIPMENT

	Computer Hardware \$'000	Computer Software \$'000	Office Equipment \$'000	Office Furniture \$'000	Capital Work in Progress \$'000	Total \$'000
<b>At 1 July 2008 – fair value</b>						
Gross carrying amount	19 814	7 945	5 529	10 610	5 650	49 548
Accumulated depreciation and impairment	<u>12 940</u>	<u>6 454</u>	<u>1 434</u>	<u>4 433</u>	-	<u>25 261</u>
<b>Net carrying amount</b>	<u><b>6 874</b></u>	<u><b>1 491</b></u>	<u><b>4 095</b></u>	<u><b>6 177</b></u>	<u><b>5 650</b></u>	<u><b>24 287</b></u>
<b>At 30 June 2009 – fair value</b>						
Gross carrying amount	19 097	8 390	5 569	11 214	9 839	54 109
Accumulated depreciation and impairment	<u>13 140</u>	<u>7 603</u>	<u>2 186</u>	<u>5 465</u>	-	<u>28 394</u>
<b>Net carrying amount</b>	<u><b>5 957</b></u>	<u><b>787</b></u>	<u><b>3 383</b></u>	<u><b>5 749</b></u>	<u><b>9 839</b></u>	<u><b>25 715</b></u>

Reconciliation

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

	Computer Hardware \$'000	Computer Software \$'000	Office Equipment \$'000	Office Furniture \$'000	Capital Work in Progress \$'000	Total \$'000
<b>Year ended 30 June 2009</b>						
Net carrying amount at start of year	6 874	1 491	4 095	6 177	5 650	24 287
Additions	204	-	17	605	8 337	9 163
Disposals	(2 908)	-	(19)	-	-	(2 927)
Transfer to / (from) CWIP	1 987	445	41	-	(4 148)	(1 675)
Depreciation expense	(2 928)	(1 149)	(768)	(1 033)	-	(5 878)
Other movements						
Write back on disposal	<u>2 728</u>	-	<u>17</u>	-	-	<u>2 745</u>
<b>Net carrying amount at end of year</b>	<u><b>5 957</b></u>	<u><b>787</b></u>	<u><b>3 383</b></u>	<u><b>5 749</b></u>	<u><b>9 839</b></u>	<u><b>25 715</b></u>

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Notes to the Financial Statements  
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	Computer Hardware	Computer Software	Office Equipment	Office Furniture	Capital Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 July 2007 – fair value</b>						
Gross carrying amount	<u>16 811</u>	<u>7 992</u>	<u>5 195</u>	<u>17 040</u>	<u>7 488</u>	<u>54 526</u>
Accumulated depreciation and impairment	<u>11 036</u>	<u>5 250</u>	<u>1 296</u>	<u>10 059</u>	-	<u>27 641</u>
<b>Net carrying amount</b>	<b><u>5 775</u></b>	<b><u>2 742</u></b>	<b><u>3 899</u></b>	<b><u>6 981</u></b>	<b><u>7 488</u></b>	<b><u>26 885</u></b>
<b>At 30 June 2008 – fair value</b>						
Gross carrying amount	19 814	7 945	5 529	10 610	5 650	49 548
Accumulated depreciation and impairment	<u>12 940</u>	<u>6 454</u>	<u>1 434</u>	<u>4 433</u>	-	<u>25 261</u>
<b>Net carrying amount</b>	<b><u>6 874</u></b>	<b><u>1 491</u></b>	<b><u>4 095</u></b>	<b><u>6 177</u></b>	<b><u>5 650</u></b>	<b><u>24 287</u></b>

**Reconciliation**

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

	Computer Hardware	Computer Software	Office Equipment	Office Furniture	Capital Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Year ended 30 June 2008</b>						
Net carrying amount at start of year	5 775	2 742	3 899	6 981	7 488	26 885
Additions	182	44	133	577	4 679	5 615
Disposals	(693)	(239)	(676)	(7 007)	-	(8 615)
Transfer to / (from) CWIP	3 514	148	877	-	(6 517)	(1 978)
Depreciation expense	(2 564)	(1 443)	(757)	(945)	-	(5 709)
Other movements						
Write back on disposal	<u>660</u>	<u>239</u>	<u>619</u>	<u>6 571</u>	-	<u>8 089</u>
<b>Net carrying amount at end of year</b>	<b><u>6 874</u></b>	<b><u>1 491</u></b>	<b><u>4 095</u></b>	<b><u>6 177</u></b>	<b><u>5 650</u></b>	<b><u>24 287</u></b>

The Treasury

Notes to the Financial Statements  
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12. INTANGIBLE ASSETS

	Computer Software \$'000
<b>At 1 July 2008</b>	
Cost (gross carrying amount)	79 993
Accumulated amortisation and impairment	<u>66 500</u>
<b>Net carrying amount</b>	<b><u>13 493</u></b>
<b>At 30 June 2009</b>	
Cost (gross carrying amount)	81 973
Accumulated amortisation and impairment	<u>72 560</u>
<b>Net carrying amount</b>	<b><u>9 413</u></b>
<b>Year ended 30 June 2009</b>	
Net carrying amount at start of year	13 493
Additions:	
Internal development	1 675
Acquired separately	305
Disposals	-
Amortisation (recognised in "depreciation and amortisation")	(6 060)
Other movements	
Write back on disposal	-
<b>Net carrying amount at end of year</b>	<b><u>9 413</u></b>
<b>At 1 July 2007</b>	
Cost (gross carrying amount)	82 299
Accumulated amortisation and impairment	<u>64 301</u>
<b>Net carrying amount</b>	<b><u>17 998</u></b>
<b>At 30 June 2008</b>	
Cost (gross carrying amount)	79 993
Accumulated amortisation and impairment	<u>66 500</u>
<b>Net carrying amount</b>	<b><u>13 493</u></b>
<b>Year ended 30 June 2008</b>	
Net carrying amount at start of year	17 998
Additions:	
Internal development	1 978
Acquired separately	123
Disposals	(4 407)
Amortisation (recognised in "depreciation and amortisation")	(6 572)
Other movements	
Write back on disposal	4 373
<b>Net carrying amount at end of year</b>	<b><u>13 493</u></b>

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Notes to the Financial Statements  
30 June 2009

13. CURRENT LIABILITIES – PAYABLES

	2009 \$'000	2008 \$'000
Accrued salaries, wages and on-costs	2 721	2 483
Creditors	<u>2 680</u>	<u>8 097</u>
	<u><b>5 401</b></u>	<u><b>10 580</b></u>

Details regarding liquidity risk and a maturity analysis of the above payables are disclosed in Note 21.

14. CURRENT / NON-CURRENT LIABILITIES – PROVISIONS

	2009 \$'000	2008 \$'000
<b>Current</b>		
<b>Employee benefits and related on-costs</b>		
Recreation leave	9 077	8 831
Provision for pay-roll tax on recreation leave liability	507	530
Provision for pay-roll tax on long service leave liability	1 575	1 599
Provision for on-costs on long service leave liability	1 574	1 024
Provision for fringe benefits tax	55	41
Provision for redundancies	<u>777</u>	<u>-</u>
	<u><b>13 565</b></u>	<u><b>12 025</b></u>
<b>Non-current</b>		
<b>Employee benefits and related on-costs</b>		
Provision for pay-roll tax on long service leave liability	82	85
Provision for on-costs on long service leave liability	<u>83</u>	<u>49</u>
	<u><b>165</b></u>	<u><b>134</b></u>
<b>Aggregate employee benefits and related on-costs</b>		
Provisions – current	13 565	12 025
Provisions – non-current	165	134
Accrued salaries, wages and on-costs (Note 13)	<u>2 721</u>	<u>2 483</u>
	<u><b>16 451</b></u>	<u><b>14 642</b></u>

15. CURRENT / NON-CURRENT LIABILITIES – OTHER

	2009 \$'000	2008 \$'000
<b>Current</b>		
Lease incentive	9	8
Liability to the Consolidated Fund	242	1 832
Commercial Clients/Crown Entity	<u>127</u>	<u>-</u>
	<u><b>378</b></u>	<u><b>1 840</b></u>
<b>Non-Current</b>		
Lease incentive	<u>116</u>	<u>125</u>
<b>Total</b>	<u><b>494</b></u>	<u><b>1 965</b></u>



The Treasury

Notes to the Financial Statements  
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16. CHANGES IN EQUITY

	Accumulated Funds		Total Equity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance at the beginning of the financial year	59 049	62 503	59 049	62 503
<b>Changes in equity – transactions with owners as owners</b>				
Increase in net assets from equity transfers	-	-	-	-
<b>Total</b>	<b>59 049</b>	<b>62 503</b>	<b>59 049</b>	<b>62 503</b>
<b>Changes in equity – other than transactions with owners as owners</b>				
Surplus / (deficit) for the year	(857)	(3 454)	(857)	(3 454)
<b>Total</b>	<b>(857)</b>	<b>(3 454)</b>	<b>(857)</b>	<b>(3 454)</b>
<b>Balance at the end of the financial year</b>	<b><u>58 192</u></b>	<b><u>59 049</u></b>	<b><u>58 192</u></b>	<b><u>59 049</u></b>

17. COMMITMENTS FOR EXPENDITURE

	2009 \$'000	2008 \$'000
<b>(a) Capital Commitments</b>		
Aggregate capital expenditure for the acquisition of contractors and other computer items contracted for at balance date and not provided for:		
Not later than one year	290	187
Later than one year and not later than five years	-	-
Later than five years	-	-
Total (including GST)	<u>290</u>	<u>187</u>
<b>(b) Other Expenditure Commitments</b>		
Aggregate other expenditure for the acquisition of printing and other general office expenses contracted for at balance date and not provided for:		
Not later than one year	475	320
Later than one year and not later than five years	-	-
Later than five years	-	-
Total (including GST)	<u>475</u>	<u>320</u>
<b>(c) Operating Lease Commitments</b>		
Future non-cancellable operating lease rentals not provided for and payable:		
Not later than one year	11 058	10 536
Later than one year and not later than five years	27 259	31 228
Later than five years	2 322	5 030
Total (including GST)	<u>40 639</u>	<u>46 794</u>

Leasing arrangements are generally for rental of premises and equipment to be paid one month in advance. The total commitments for expenditure as at 30 June 2009 include input tax credits of \$3.8 million (\$4.3 million in 2007-2008) which are recoverable from the Australian Taxation Office.

**Notes to the Financial Statements  
30 June 2009**

**18. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There are no contingent assets or liabilities.

**19. BUDGET REVIEW**

**Net cost of services**

The Net Cost of Services result was \$170 million which is \$3.5 million (2.0%) less than budget. This was largely attributable to:

- Lower other operating costs of \$2.4 million due to reduced costs across a number of accounts.
- Higher sale of goods and services of \$830 000 relating to user pays revenue for processing penalty notices and the recoupment of costs for work performed on behalf of the Crown.
- Higher other revenue of \$574 000 due to hindsight receipts of rental outgoings and workers compensation insurance.
- A \$217 000 loss representing the impairment estimate for debtors relating to FHOGS grants.

**Assets and liabilities**

Equity increased by \$4.9 million over the budget (9.3%) to \$58.2 million mainly due to the following:

**Assets**

- Cash exceeds budget by \$625 000 due to a combination of operating result savings from reduced expenses, higher revenues and a reduction in receivables. These have been partly offset by a reduction in payables and use of agency cash to purchase assets.
- Receivables are lower than budget by \$1.5 million due to a reduction in commercial client debtors.
- Plant, Equipment and Intangibles is higher than budget by \$768 000 due the purchase of additional assets and revised scheduling of some projects.

**Liabilities**

- Payables are less than budget by \$5.2 million due to a \$4.4 million payment to the Crown. This payment represented a deposit error which occurred in late June 2008. Year end accruals have reduced by \$782 000.
- Provisions are higher than budget by \$1.6 million due to the recognition of \$777 000 for voluntary redundancy payments to be paid in July 2009 and \$794 000 in employee leave entitlements.
- Other liabilities are lower than budget by \$1.5 million due to a reduction in Crown repayments for specific purpose funds.

**Cash flows**

The Net Cash inflow from operating activities was \$9.8 million representing a \$1.2 million (14.3%) increase over budget resulting from:

- Lower payments of \$666 000 generated from employee and other operating cash payments. These reductions are partly offset by higher other payments flowing from the return of funds to the Crown.
- Higher receipts of \$2.4 million relating to higher penalty notice revenue, interest and a reduction in debtors, partially offset by lower GST receipts.
- Cash transferred to the Crown to extinguish the 2007-2008 liability of \$1.8 million.

The Net Cash outflow from investing activities was \$9.5 million representing a \$600 000 (6.8%) increase over budget due to additional assets purchased.

## The Treasury

### Notes to the Financial Statements 30 June 2009

#### 20. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES

		2009 \$'000	2008 \$'000
	Notes		
Net cash used on operating activities		9 809	17 235
Net cash flows from Government / Appropriations		(157 663)	(478 536)
Acceptance by the Crown Entity of employee benefits and other liabilities	7	(9 870)	(8 057)
Depreciation and amortisation	2(c)	(11 938)	(12 281)
Allowance for impairment		(217)	(548)
Decrease / (increase) in provisions		(1 571)	(827)
Increase / (decrease) in prepayments and other assets		(3 420)	(70)
Decrease / (increase) in creditors and others		5 061	(4 918)
Other revenue – investing activities		4	-
Loss on capital work in progress		-	-
Net loss on sale of plant and equipment	4	<u>(175)</u>	<u>(378)</u>
<b>Net cost of services</b>		<b><u>(169 980)</u></b>	<b><u>(488 380)</u></b>

#### 21. FINANCIAL INSTRUMENT RISK MANAGEMENT

The Treasury's principal financial instruments are cash deposits held within the NSW Treasury Banking System, short term receivables and payables. These instruments expose The Treasury primarily to interest rate risk on cash balances held within the NSW Treasury Banking System and credit risk on short term receivables. The Treasury does not enter into or trade financial instruments for speculative purposes and does not use financial derivatives.

The Executive has overall responsibility for the establishment and oversight of risk management and agrees and reviews policies for managing risk. Compliance with policies is reviewed by internal auditors on a continuous basis.

##### (a) Financial Instrument Categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
			2009 \$'000	2008 \$'000
Cash and cash equivalents	9	N/A	33 929	33 576
Receivables (i)	10	Loans and receivables (at amortised cost)	6 143	8 037
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
			2009 \$'000	2008 \$'000
Payables (ii)	13	Financial liabilities measured at amortised cost.	4 898	10 084

(i) Excludes statutory receivables and prepayments (ie not within the scope of AASB 7)

(ii) Excludes statutory payables and unearned revenue (ie not within the scope of AASB 7).

## The Treasury

### Notes to the Financial Statements 30 June 2009

#### (b) Credit Risk

Credit risk arises from the financial assets of The Treasury, including cash, and receivables. No collateral is held by The Treasury and it has not granted any financial guarantees.

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

#### 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 The Treasury.

#### 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 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 debtor credit ratings. No interest is earned on trade debtors. Sales are made on 14 day terms.

The only financial assets that are past due or impaired are sales of goods and services and other receivables disclosed in Note 10.

#### (c) Liquidity Risk

Liquidity risk is the risk that The Treasury will be unable to meet its payment obligations when they fall due. The Treasury continuously manages risk through monitoring future cash flows and commitment maturities. No assets have been pledged as collateral and The Treasury's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of 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 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. No interest for late payment was made during the 2008-2009 year (2007-2008 \$nil).

The table below summarises the maturity profile of The Treasury's financial liabilities together with any interest rate exposure.

Maturity Analysis	\$'000			
	Carrying Amount	<1 Year	1 – 5 Years	>5 Years
<b>2009</b>				
<i>Financial liabilities</i>				
Accrued salaries, wages and on-costs	2 218	2 218	-	-
Creditors	<u>2 680</u>	<u>2 680</u>	-	-
<b>Total</b>	<b><u>4 898</u></b>	<b><u>4 898</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>2008</b>				
<i>Financial liabilities</i>				
Accrued salaries, wages and on-costs	1 987	1 987	-	-
Creditors	<u>8 097</u>	<u>8 097</u>	-	-
<b>Total</b>	<b><u>10 084</u></b>	<b><u>10 084</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

## The Treasury

### Notes to the Financial Statements 30 June 2009

#### (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 Treasury's exposure to market risk is primarily through interest rates on cash and cash equivalents. The Treasury does not have any exposure to foreign currency risk, does not enter into commodity contracts and does not trade in derivatives of any nature.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined below for interest rate risk. A reasonably possible change of +/- 1 per cent 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 Treasury's exposure to interest rate risk follows.

Interest rate risk	Carrying amount	\$'000			
		-1%		+1%	
		Profit	Equity	Profit	Equity
<b>2009</b>					
<b>Financial assets</b>					
Cash and cash equivalents	33 929	(339)	(339)	339	339
Receivables	6 143	-	-	-	-
<b>Financial liabilities</b>					
Payables	4 898	-	-	-	-
<b>Total increase / decrease)</b>		<b><u>(339)</u></b>	<b><u>(339)</u></b>	<b><u>339</u></b>	<b><u>339</u></b>
<b>2008</b>					
<b>Financial assets</b>					
Cash and cash equivalents	33 576	(336)	(336)	336	336
Receivables	8 037	-	-	-	-
<b>Financial liabilities</b>					
Payables	10 084	-	-	-	-
<b>Total increase / decrease)</b>		<b><u>(336)</u></b>	<b><u>(336)</u></b>	<b><u>336</u></b>	<b><u>336</u></b>

#### (e) Fair Value

The carrying value of receivables less any impairment provision and payables is a reasonable approximation of their fair value due to their short term nature.

The Treasury

Notes to the Financial Statements  
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22. TRUST FUNDS

Monies held in trust for the Crown Entity and others are not recognised in the financial statements, as the OSR cannot use them for the achievement of its objectives. They are held in either a trust bank account or public monies bank account. The following is a summary of the transactions in these accounts:

(a) Unclaimed Money Trust Accounts

	Testamentary & Trust Common Fund		Testamentary & Trust Interest		Companies Liquidation		Total	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash balance at the beginning of the financial year	4 354	4 340	7 370	6 769	756	1 007	12 480	12 116
Add: Receipts	3	14	723	601	-	2	726	617
Less: Expenditure	1	-	4	-	-	-	5	-
Transfers to Crown	-	-	-	-	736	253	736	253
Cash balance at the end of the financial year	<u>4 356</u>	<u>4 354</u>	<u>8 089</u>	<u>7 370</u>	<u>20</u>	<u>756</u>	<u>12 465</u>	<u>12 480</u>

(b) SDRO Client Funds Account - Fines

	2009 \$'000	2008 \$'000
Cash balance at the beginning of the financial year	14 544	14 585
Add: Receipts	125 791	122 483
Less: Payments	<u>124 858</u>	<u>122 524</u>
Cash balance at the end of the financial year	<u>15 477</u>	<u>14 544</u>

Funds held in this account represent amounts collected on behalf of clients. These funds are remitted to clients in the month following collection.

(c) SDRO Public Monies Accounts - Fines

	2009 \$'000	2008 \$'000
Cash balance at the beginning of the financial year	8 599	5 567
Add: Receipts	159 365	155 089
Less: Payments	<u>160 401</u>	<u>152 057</u>
Cash balance at the end of the financial year	<u>7 563</u>	<u>8 599</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. The closing balance for 2008 has been adjusted up \$5 000 due to an error in 2008. The receipts and payments comparatives for 2008 increased \$14 000 and \$9 000 respectively.

## 23. ADMINISTERED ASSETS – RECEIVABLES

### (a) Tax Receivables

Assets administered by OSR for the Crown Entity are primarily tax and fine receivables. They are not recognised in the Balance Sheet.

	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Current amounts	254 473	229 695
Instalment amounts	26 586	17 635
Appeals and objection amounts	534 221	504 685
Overdue amounts	<u>232 302</u>	<u>159 531</u>
	<b>1 047 582</b>	<b>911 546</b>
Less: allowance for impairment	<u>30 577</u>	<u>23 362</u>
<b>Net receivables</b>	<b><u>1 017 005</u></b>	<b><u>888 184</u></b>

The receivables above represent taxes owed by clients at close of business on 30 June 2009 and exclude any credit balances, which are disclosed separately in Note 24.

### Current and Instalment Amounts

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

	Current		Instalments		Appeals and objections		Total		Allowance for impairment		Net	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Duties (ii)	100 803	74 656	-	-	512 264	484 367	613 067	559 023	(2 089)	(1 481)	610 978	557 542
Pay-roll tax	31 814	27 604	-	-	9 440	7 701	41 254	35 305	(6 149)	(5 048)	35 105	30 257
Land tax	107 563	119 746	20 181	9 086	7 174	7 665	134 918	136 497	(171)	(145)	134 747	136 352
Parking space levy	4 115	3 359	-	-	5 210	4 952	9 325	8 311	(128)	(101)	9 197	8 210
Club gaming devices (i)	9 696	3 657	6 405	8 549	-	-	16 101	12 206	-	-	16 101	12 206
Hotel gaming devices (i)	470	673	-	-	-	-	470	673	-	-	470	673
Insurance protection tax	-	-	-	-	46	-	46	-	-	-	46	-
FHOGS (iii)	<u>12</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87</u>	<u>-</u>	<u>99</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99</u>	<u>-</u>
<b>Total receivables</b>	<b><u>254 473</u></b>	<b><u>229 695</u></b>	<b><u>26 586</u></b>	<b><u>17 635</u></b>	<b><u>534 221</u></b>	<b><u>504 685</u></b>	<b><u>815 280</u></b>	<b><u>752 015</u></b>	<b><u>(8 537)</u></b>	<b><u>(6 775)</u></b>	<b><u>806 743</u></b>	<b><u>745 240</u></b>

- (i) 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.
- (ii) Duties appeals and objections include an assessment for \$501.7 million consisting of \$258.9 million duty and \$242.8 million interest (\$460.9 million consisting of \$258.9 million duty and \$202 million interest in 2007-2008) which is subject to appeal in the Supreme Court. The matter is currently in the legal discovery phase. The Chief Commissioner of State Revenue does not believe that there are grounds for impairing the receivable at this time.
- (iii) From 1st July 2008 FHOGS (First home Owner Grants) became an administered activity of The Treasury on behalf of the Crown. At 30 June 2008 receivables owing totalled \$3.6 million with a corresponding impairment allowance of \$783 000. This is disclosed in Note 10 as it remained with OSR.

**Overdue Amounts**

	Less than 30 days		30 - 90 days		Greater than 90 days		Total		Allowance for impairment*		Net	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Duties	1 547	810	986	1 465	7 646	7 346	10 179	9 621	(2 283)	(1 989)	7 896	7 632
Pay-roll tax	3 887	6 313	9 941	6 586	36 350	26 483	50 178	39 382	(17 408)	(12 890)	32 770	26 492
Land tax	10 253	3 646	17 581	13 671	139 541	90 258	167 375	107 575	(1 666)	(1 509)	165 709	106 066
Parking space levy	3	6	101	-	994	1 443	1 098	1 449	(237)	(199)	861	1 250
Club gaming devices	101	850	40	-	911	69	1 052	919	-	-	1 052	919
Hotel gaming devices	-	-	251	16	578	569	829	585	-	-	829	585
FHOGS	35	-	162	-	1 394	-	1 591	-	(446)	-	1 145	-
<b>Total receivables</b>	<b><u>15 826</u></b>	<b><u>11 625</u></b>	<b><u>29 062</u></b>	<b><u>21 738</u></b>	<b><u>187 414</u></b>	<b><u>126 168</u></b>	<b><u>232 302</u></b>	<b><u>159 531</u></b>	<b><u>(22 040)</u></b>	<b><u>(16 587)</u></b>	<b><u>210 262</u></b>	<b><u>142 944</u></b>

\* The allowance for impairment relates to matters primarily greater than 90 days overdue.

Recovery of receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectible, are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. The credit risk is the carrying amount (net of any allowance for impairment). Interest is charged on overdue receivables in accordance with S22 of the Tax Administration Act 1996. The carrying amount approximates fair value.

Debt recovery action may result in negotiated payment arrangements or the initiation of legal debt recovery procedures, if clients are unwilling to pay.

**Land Tax**

Under the Land Tax Management Act 1956, a charge is held over land owned by taxpayers for unpaid land tax. If normal recovery procedures have been unsuccessful, a caveat is generally registered on the title until the debt is paid.



**(b) Fine Receivables (SDRO)**

	2009			2008		
	Crown \$'000	Commercial \$'000	Total \$'000	Crown \$'000	Commercial \$'000	Total \$'000
Opening balance (i)	676 281	268 601	944 882	690 001	245 524	935 525
Movement excluding write off adjustment	49 928	22 476	72 404	17 312	29 425	46 737
Write off adjustment	(38 066)	(15 332)	(53 398)	(31 032)	(6 348)	(37 380)
	<b>688 143</b>	<b>275 745</b>	<b>963 888</b>	<b>676 281</b>	<b>268 601</b>	<b>944 882</b>
Less: Amounts not meeting asset recognition criteria	(565 194)	(222 163)	(787 357)	(572 420)	(223 502)	(795 922)
<b>Closing balance</b>	<b><u>122 949</u></b>	<b><u>53 582</u></b>	<b><u>176 531</u></b>	<b><u>103 861</u></b>	<b><u>45 099</u></b>	<b><u>148 960</u></b>

(i) The comparative for 2008 has been restated to include all fines and associated fees administered (refer to Note 1(d)).

The following is a summary of receivable balances by year of enforcement and type at 30 June 2009:

Type	Pre 2006 \$'000	2006 \$'000	2007 \$'000	2008 \$'000	2009 \$'000	Total \$'000	Amounts not meeting asset recognition criteria \$'000	Net \$'000
<b>Crown</b>								
Motor traffic	207 591	28 561	32 962	41 349	63 321	373 784	292 315	81 469
Court	113 813	13 633	10 806	11 642	11 921	161 815	136 000	25 815
Fees	60 929	9 743	9 925	12 574	22 400	115 571	102 706	12 865
Other	<u>17 747</u>	<u>2 988</u>	<u>2 402</u>	<u>3 312</u>	<u>10 524</u>	<u>36 973</u>	<u>34 173</u>	<u>2 800</u>
<b>Crown total</b>	<b>400 080</b>	<b>54 925</b>	<b>56 095</b>	<b>68 877</b>	<b>108 166</b>	<b>688 143</b>	<b>565 194</b>	<b>122 949</b>
Commercial (i)	<u>124 893</u>	<u>36 747</u>	<u>30 598</u>	<u>34 441</u>	<u>49 066</u>	<u>275 745</u>	<u>222 163</u>	<u>53 582</u>
<b>Total owing</b>	<b><u>524 973</u></b>	<b><u>91 672</u></b>	<b><u>86 693</u></b>	<b><u>103 318</u></b>	<b><u>157 232</u></b>	<b><u>963 888</u></b>	<b><u>787 357</u></b>	<b><u>176 531</u></b>

(i) Includes amounts administered on behalf of local councils, fees payable to the RTA and Attorney Generals' Department.

\$465 478 (2007-2008 \$465 478) to be repaid by referring agencies to the SDRO is not included in the receivables reported above.

\$53.4 million (\$37.4 million 2007-2008) of fine receivables approved for write off prior to 30 June 2009 have been brought to account in the above figures and will be written off in the subsidiary ledger in 2009-2010.

The Treasury

Notes to the Financial Statements  
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24. ADMINISTERED LIABILITIES

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

	2009 \$'000	2008 \$'000
Duties	7 514	4 528
Pay-roll tax	8 221	6 964
Land tax	7 591	8 060
Parking space levy	226	380
Hotel gaming devices	10	17
Insurance protection tax	25	15
FHOGS	13	-
Fines	58	400
<b>Total administered liabilities</b>	<b><u>23 658</u></b>	<b><u>20 364</u></b>

The credit balances above are primarily matters awaiting final assessments pending receipt of additional information. Credit situations are also created where taxes are paid in advance or overpayments are to be refunded to clients. Credit balances for fines represent overpayments.

25. ADMINISTERED INCOME – DEBTS WRITTEN OFF/REMISSIONS

(a) Debts written off

	2009			2008		
	Tax \$'000	Penalties/ Interest \$'000	Total \$'000	Tax \$'000	Penalties/ Interest \$'000	Total \$'000
Duties	3 174	1 720	4 894	4 069	2 599	6 668
Parking space levy	7	4	11	3	9	12
Pay-roll tax	12 081	6 578	18 659	13 603	9 827	23 430
Land tax	397	407	804	858	620	1 478
Club gaming devices	6	9	15	32	13	45
Hotel gaming devices	107	50	157	500	303	803
Insurance protection tax	-	-	-	36	-	36
FHOGS	749	239	988	-	-	-
<b>Total debts written off</b>	<b><u>16 521</u></b>	<b><u>9 007</u></b>	<b><u>25 528</u></b>	<b><u>19 101</u></b>	<b><u>13 371</u></b>	<b><u>32 472</u></b>

A debt is only considered irrecoverable where it is either uneconomic to recover, the debtor cannot be located, the personal or financial circumstances of the debtor does not warrant the taking of recovery action, legal proceedings through the courts have proved unsatisfactory or legal advice suggests follow up would be ineffective.

## The Treasury

### Notes to the Financial Statements 30 June 2009

#### Remissions

In accordance with the Taxation Administration Act 1996 administered by OSR, the Chief Commissioner or his delegate has the discretionary power to remit partially or wholly a statutory penalty and/or interest.

Penalties and interest remitted during the year amounted to:

	2009			2008		
	Penalties \$'000	Interest \$'000	Total \$'000	Penalties \$'000	Interest \$'000	Total \$'000
Duties	41	2 377	2 418	93	4 057	4 150
Parking space levy	-	1 037	1 037	1	1 118	1 119
Pay-roll tax	337	10 915	11 252	226	10 208	10 434
Land tax	-	16 586	16 586	-	13 922	13 922
Accommodation levy	-	-	-	-	56	56
Health insurance levies	-	1	1	-	-	-
Club gaming devices	-	569	569	-	39	39
Hotel gaming devices	-	409	409	-	37	37
Fixed odds sports betting	-	-	-	-	1	1
Totalizator tax on and off course totes	-	-	-	-	10	10
FHOGS	12	-	12	-	-	-
<b>Total remissions</b>	<b>390</b>	<b>31 894</b>	<b>32 284</b>	<b>320</b>	<b>29 448</b>	<b>29 768</b>

Interest and penalty can be remitted in part or full if the client can provide a satisfactory explanation for the default. Land tax remission reversals of \$40 000 related to prior years have not been included in the 2008 comparative.

#### 26. ADMINISTERED EXPENSES – OTHER

During the year, OSR incurred the following expenses on behalf of the Crown Entity:

	2009 \$'000	2008 \$'000
Act of Grace payments	1 833	536
Petroleum subsidies (i)	43 200	42 143
Court imposed interest payments	1 204	2 213
Unclaimed money refund - S14 <i>Public Finance and Audit Act</i>	137	95
Bad debts expense (ii)	32 743	24 411
Land tax discounts (iii)	18 065	15 909
GST rebate - Clubs (iv)	18 446	18 848
Revaluation - fine receivables (v)	-	85 589
FHOGS	734 562	-
<b>Total administered expenses</b>	<b>850 190</b>	<b>189 744</b>

- (i) **Petroleum subsidies**  
Petroleum subsidies are paid to petroleum distributors to enable northern NSW retailers to compete with Queensland retailers who are provided with a subsidy by the Queensland Government.
- (ii) **Bad debts expense**  
From 1st July 2008 FHOGS became an administered activity of The Treasury on behalf of the Crown. The comparative for 2007-2008 totalled \$325.4 million (refer Note 2(d)). Bad debts expense for 2008-2009 includes an allowance for impairment of \$446 136 for FHOGS.
- (iii) **Land tax discounts**  
A 1.5 per cent discount is offered to land tax clients for full payment of their liability by the first instalment date.
- (iv) **GST rebate - Clubs**  
The GST rebate is paid to clubs to compensate for the impact of the GST and commenced during 2004-2005. It is based on gaming profits and is paid quarterly.
- (v) **Revaluation - fine receivables**  
The comparative for 2008 includes a write down of \$85.6 million for fine receivables considered not to meet asset recognition criteria following correction of a classification error in 2008 (refer Note 1(d)).

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Notes to the Financial Statements  
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27. ADMINISTERED INCOME - CROWN ENTITY

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

	Actual 2009 \$'000	Budget 2009 \$'000	Actual 2008 \$'000
<b>(a) Revenue earned</b>			
<b>Taxes, penalties and interest</b>			
Duties (i)	4 108 378	5 250 100	5 539 719
Parking space levy (i)	51 385	53 000	50 165
Pay-roll tax (i) (ii)	7 212 045	7 230 000	7 043 876
Land tax (i) (ii)	2 288 690	1 985 000	1 968 378
Accommodation levy (i)	-	-	32
Health insurance levy (i)	132 935	131 000	125 363
Insurance protection tax	67 339	68 750	67 843
<b>Gaming and racing</b>			
Keno tax	9 919	10 100	7 687
Totalizator tax on and off course totes (i)	151 811	158 800	141 265
Fixed odds sports betting (i)	7 173	5 107	5 662
Fixed odds racing betting	403	416	294
Footy TAB	775	806	665
Club gaming devices (i) (iv)	636 260	606 000	608 986
Hotel gaming devices (i) (iv)	410 426	419 000	407 383
<b>Total gaming and racing</b>	<b>1 216 767</b>	<b>1 200 229</b>	<b>1 171 942</b>
<b>Total taxes, penalties and interest</b>	<b>15 077 539</b>	<b>15 918 079</b>	<b>15 967 318</b>
<b>Fines</b>			
Motor traffic fines (iii)	251 918	245 746	231 739
Fees	36 198	36 254	34 578
Court fines	6 672	7 300	6 851
Other fines	870	1 400	1 358
<b>Total fines</b>	<b>295 658</b>	<b>290 700</b>	<b>274 526</b>
<b>Total taxes, fines, penalties and interest</b>	<b>15 373 197</b>	<b>16 208 779</b>	<b>16 241 844</b>
<b>Other</b>			
Tax equivalents	701 627	529 000	751 427
Unclaimed money	10 405	-	3 256
Other revenue	1 207	-	609
<b>Total other</b>	<b>713 239</b>	<b>529 000</b>	<b>755 292</b>
<b>Total revenue earned</b>	<b>16 086 436</b>	<b>16 737 779</b>	<b>16 997 136</b>

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

	2009 \$'000	2008 \$'000
Duties	50 514	43 230
Parking space levy	1 643	1 801
Pay-roll tax	29 249	27 718
Land tax	40 622	34 926
Accommodation levy	-	32
Health insurance levy	1	-
Totalizator tax on and off course totes	-	10
Fixed odds sports betting	-	1
Club gaming devices	949	165
Hotel gaming devices	849	256
<b>Total</b>	<b>123 827</b>	<b>108 139</b>

- (ii) The budget for payroll tax and land tax include consolidation elimination estimates for public sector agencies of \$820 million and \$2.3 million respectively.
- (iii) \$19.1 million has been recognised in motor traffic fine revenue that relates to the increase in recoverable fines for the current year (refer to Note 23 (b)). The 2008 comparative for motor traffic fines was adjusted down \$16.3 million as disclosed under Note 1(d).
- (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 those demonstrating financial hardship.
- (v) \$187 000 relating to the reversal of a prior period assessment for Debits tax has not been included in the 2008 comparative.

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Notes to the Financial Statements  
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	Actual 2009 \$'000	Actual 2008 \$'000
<b>(b) Revenue collected</b>		
<b>Taxes, penalties and interest</b>		
Duties	4 049 440	5 555 205
First home purchase scheme	10	16
<b>Total duties</b>	<b><u>4 049 450</u></b>	<b><u>5 555 221</u></b>
Parking space levy	51 211	51 507
Pay-roll tax	7 166 648	7 026 756
Land tax	2 194 544	1 996 776
Health insurance levy	132 933	125 362
Insurance protection tax	67 303	67 821
<b>Gaming and racing</b>		
Keno tax	9 919	7 687
Totalizator tax on and off course totes	151 811	141 250
Fixed odds sports betting	7 173	5 660
Fixed odds racing betting	403	294
Footy TAB	775	665
Club gaming devices	631 649	596 292
Hotel gaming devices	409 811	407 786
<b>Total gaming and racing</b>	<b><u>1 211 541</u></b>	<b><u>1 159 634</u></b>
<b>Total taxes, penalties and interest (i)</b>	<b><u>14 873 630</u></b>	<b><u>15 983 077</u></b>
<b>Fines</b>		
Motor Traffic fines	232 829	234 280
Fees	36 199	34 579
Court fines	6 672	6 851
Other fines	870	1 358
<b>Total fines</b>	<b><u>276 570</u></b>	<b><u>277 068</u></b>
<b>Total taxes, fines, penalties and interest</b>	<b><u>15 150 200</u></b>	<b><u>16 260 145</u></b>
<b>Other</b>		
Tax equivalents	701 627	751 427
Unclaimed money	10 421	3 256
Other revenue	1 207	609
<b>Total other</b>	<b><u>713 255</u></b>	<b><u>755 292</u></b>
<b>Total revenue collected</b>	<b><u>15 863 455</u></b>	<b><u>17 015 437</u></b>

(i) \$187 000 relating to a refund of debits tax for a prior period has not been included in the 2008 comparative. Amounts totalling \$20.5 million (\$16.8 million 2007-2008) paid on 30 June and transferred to the Crown Entity on 1 July are included in the above figures.

**28. ADMINISTERED CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There are currently 281 matters where the Crown Solicitor or other legal firms are acting on behalf of The Treasury. A settlement estimate for these matters cannot be reliably determined. In addition 55 claims requesting reassessment and refund for general insurance duty paid have been received with a determination on amounts payable yet to be made.

End of Audited Financial Statements



New South Wales  

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T R E A S U R Y

# appendices

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<b>Occupational Health &amp; Safety</b>	<b>2004-2005</b>	<b>2005-2006</b>	<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>
Reported workplace incidents	9	14	9	14	<b>10</b>
OH&S assessments conducted	8	5	10	4	<b>5</b>

OFM has appropriate mechanisms in place to ensure a safe and healthy workplace for its staff.

Our approach incorporates a range of preventative measures to alleviate potential risks as well as mechanisms to deal effectively with any issues that arise.

OFM continues to offer a free vaccination program to staff as a means of reducing the incidence of seasonal flu within the workplace. The program is voluntary and is accessed by around half our staff each year.

OFM promotes a work-life balance and ensures that staff access accrued leave regularly as part of this strategy. Staff must take at least one break of two weeks duration each year.

Ergonomic workplace assessments are provided to staff who experience discomfort in the workplace or where risk is identified.

Our staff are also encouraged to participate in healthy lifestyle activities including:

- *Running* - City to Surf; Corporate Cup; Sydney runners' festival
- *Swimming* - mini triathlon and the Sydney Harbour swim
- *Walking* - many staff walk in the Botanic Gardens at lunch time and take part in the annual Secretary's walk/run
- *Cycling* - teams enter the Wollongong bike ride and Ride to Work day
- *Team sport events* - mixed soccer and touch football.

OFM also provides first aid training and has First Aid Officers appointed across all staff areas to deal with any incidents.

Staff are required to report any hazards in the workplace and managers are required to initiate rectification of risks. To assist in effective reporting and response to hazards, an interactive reporting 'box' is included at the top of every staff members' e-mail account.

<b>Free flu vaccination program</b>	<b>2004-2005</b>	<b>2005-2006</b>	<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>
Staff participating	78	75	104	130	<b>138</b>



## Ethnic Affairs Priorities Statement

OFM's serves the community indirectly via the policy advice we provide to government on state resource allocation and financial management and economic issues. The impact of this advice is reflected in the State's credit rating, and the financial reports that we publish.

We do not provide direct services to the public or the ethnic community. Our main interaction is with the government's other central and service providing agencies.

OFM supports the objectives of service provision agencies. We have regard for the particular needs of the ethnic community when advised by those agencies.

OFM is not a party to any current ethnic affairs agreements.

## Disability Strategic Plan

OFM's Disability Strategic Plan ensures that the needs of people with disabilities are taken into account in the conduct of our business.

Our main direct interaction with the community is via the internet. Our website provides reports on the State's finances and related information. We maintain a separate dedicated website which provides access to State Budget information, including the Budget Papers.

These websites cater for broad accessibility requirements. They are simply designed with limited use of images and are built on a content management system which is easily navigated. The OFM websites comply to level 2 of the W3C standards.

All offices occupied by OFM provide access and amenities to visitors with disabilities.

## Privacy Management Plan

OFM's privacy management plan complies with the *NSW Privacy and Personal Information Protection Act, 1998*. It outlines:

- policy and practices
- details of information held
- review procedures.

No privacy codes of practice were published and no specific exemptions were sought by OFM during 2008-09.

OFM is a policy based organisation and generally does not access personal information in the course of its business dealings. OFM's access to personal information is limited to its role in overseeing the operation of the Treasury Managed Fund.

Privacy Requests	Received for review	Finalised	Carried forward
2004-2005	1*	1	0
2005-2006	0	0	0
2006-2007	0	0	0
2007-2008	0	0	0
<b>2008-2009</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* related to TMF activities, now reported separately

## Equal Employment Opportunity

### Achievements during the year

OFM supports practical strategies to attract, retain and develop the careers of Aboriginal employees. We provide work experience and employment opportunities for Aboriginal people enrolled in university courses and commit to achieving sustainable employment for Aboriginal people in the NSW public sector. OFM continued to participate in the NSW Indigenous Cadetship Program.

OFM values initiatives that improve access to career paths for women. We participated in the Lucy Program offering women university students from non traditional backgrounds mentoring opportunities with senior staff. The pilot Finance Career Mobility Program provides secondments within OFM and participating agencies for women in mid career finance and accounting positions.

NSW Treasury's continuing sponsorship of Nanbaree Childcare Centre enables our staff to have priority consideration for a childcare placement.

Proactive support of family friendly practices in the workplace combined with OFM's ongoing promotion of flexible work options assists our staff to balance work and family responsibilities.

### Strategies for 2009-10

OFM will continue to participate in the NSW Indigenous cadetship program providing carer opportunities for Aborigines in commercial and finance areas. OFM's ongoing support for the Gradate Program and the Lucy Program provides additional entry points for young from EEO groups wanting a career in the public sector.

Learning and development programs will be reviewed to ensure a fair and equitable allocation of resources to all staff.

Promotion of flexible work arrangements designed to meet business and employee needs will continue to be an organisational priority. Remote access to in-house networks will be provided to staff where appropriate. Implementation of a Purchased Leave Scheme will expand our suite of flexible work options.

representation of EEO groups - trends	bench mark/ target	2005	2006	2007	2008	2009
women	50%	43%	43%	44%	43%	45%
Aboriginal people and Torres Strait Islanders	2%	0.5%	0%	0%	0.5%	0.5%
people whose first language was not English	20%	15%	16%	16%	19%	23%
people with a disability	12%	2%	2%	2%	2%	2%
people with a disability requiring work-related adjustment	7%	0.5%	0.4%	0.8%	0.8%	0.7%

distribution of EEO groups - trends	bench mark/ target	2005	2006	2007	2008	2009
women	100	88	88	82	89	88
Aboriginal people and Torres Strait Islanders	100	na	na	na	na	na
people whose first language was not English	100	89	87	90	89	87
people with a disability	100	na	na	na	na	na
people with a disability requiring work-related adjustment	100	na	na	na	na	na

The statistics are based on staff numbers as at 30 June, excluding casual staff.

A Distribution Index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equal to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency, the lower the index. An index of more than 100 indicates that the EEO group is less concentrated at lower salary levels.

The Distribution Index is not calculated if EEO group or non-EEO group numbers are less than 20.

## Expenditure on Consultants during 2008-09

### Consultants costing \$30,000 or more

	Project	Amount (ex. GST)
<b>Finance and Accounting/Tax</b>		
▪ Independent Pricing and Regulatory Tribunal (IPART)	Review framework for health services performance management and funding in NSW	\$75,000
▪ Housing NSW	Joint project with Housing NSW to develop activity based financial model to analyse the medium term impact of reform options on the supply of social housing and the financial position of Housing NSW	\$100,000
▪ NSW Department of Premier and Cabinet (Booz and Co)	Develop NSW costings for COAG Early Childhood Development National Partnership	\$30,000
▪ NSW Department of Premier and Cabinet (KPMG Actuaries Pty Ltd)	Review the long term cost of the NSW Police Death and Disability Scheme	\$49,500
▪ NSW Department of Premier and Cabinet (BSR Solutions)	Review the strategies and programs of NSW Police technology and communications.	\$87,000
▪ NSW Department of Premier and Cabinet (Deloittes)	Review NSW Police motor vehicle procurement arrangements, asset management and property maintenance systems and financial and budget management systems	\$111,450
▪ Broadleaf Capital International Pty Ltd	Advise on Wagga Wagga Integrated Regional Health Services	\$30,000
▪ KPMG Corporate Finance (Aust) Pty Ltd	Develop business case for medical transfers for Parklea and Cessnock Correctional Centres	\$30,014
<b>Economic Assessment</b>		
▪ Rockliff Planning and Development	Review Sydney Harbour Foreshore Authority's property assets to identify divestment opportunities	\$33,000
▪ Frontier Economics	Economic modelling to assist NSW Government's understanding of the implications of abatement policies associated with Australia's Kyoto targets	\$239,280
▪ NSW Department of Premier and Cabinet (IPART)	Review NSW Climate Change mitigation measures to fulfil NSW COAG commitment	\$116,667
<b>Management Services</b>		
▪ First Class partnerships	Review Rolling Stock Private Public Partnership Stock	\$69,013
▪ David Evans	NSW Treasury representative to oversee Rail Rolling Stock Private Public Partnership	\$79,388
▪ Turner and Townsend	Review and revise the current Gateway refresh assessment process including the update of the Gateway risk assessment tool	\$41,920
▪ NSW Department of Premier and Cabinet (Parsons Brinckernoff)	Assist prepare presentation for NSW's Submission to Infrastructure Australia	\$38,836
▪ Victorian Department of Treasury and Finance (Evans and Peck and Melbourne University)	Develop a national guideline for assessing value for money in alliancing projects	\$68,1822
	<b>Sub-Total</b>	<b>\$1,199,250</b>
<b>Consultants costing less than \$30,000</b>		
Finance and Accounting/Tax	21 projects totalling	\$358,958
Management Services	2 project totalling	\$34,281
Organisational Review	2 projects totalling	\$29,109
Economic Assessment	1 project totalling	\$2,000
	<b>Sub Total:</b>	<b>\$424,348</b>
<b>Total cost of OFM consultancies</b>		<b>\$1,623,597</b>

(Where jointly commissioned with another agency, the agency is specified and the amount shown is OFM's contribution.)

Major assets acquired in 2008-09	
Hardware	\$'000
Personal computing (desktop and laptop)	68
Other computer equipment	39
<b>Total hardware</b>	<b>107</b>
Intangible software	630
Office equipment	256
Leasehold improvement	262
<b>Total major assets</b>	<b>1,255</b>

### Insurance

OFM has insurance cover over all its assets and major risks. Insurance policies for workers compensation cover, building contents, computer equipment, motor vehicles and public liability are in place with the Government's self insurance scheme, the *Treasury Managed Fund (TMF)*.

The TMF premium incentive scheme encourages effective risk management. Agencies that manage risk well receive lower premiums. Those with poor risk management are penalised. OFM seeks lower premiums by reducing its operational risks. Workers' compensation risks are managed with early intervention, workplace inspections and active rehabilitation.

### Waste Reduction and Purchasing Policy

OFM's supports the principle of waste reduction through its disposal and purchasing policies. Our practices are consistent with the strategies applying across the state government sector.

Procurement is undertaken via suppliers registered under NSW Government contracts. Sustainability is an important consideration in purchase decisions, including considerations such as the level of recycled content and the capacity of providers to assist with the management of waste and disposal of surplus equipment. To reduce waste, as far as possible OFM promotes the use of electronic, rather than paper based, communications.

### Accounts Payable Performance

OFM contracts ServiceFirst of the Department of Services, Technology and Administration (formerly the Department of Commerce) to provide financial transaction services. The service level agreement provides for ServiceFirst to process the payment of OFM accounts after they have been verified and approved for payment by delegated OFM officers. The following table reports on the total time taken by OFM and ServiceFirst officers to administer payments.

### Credit Card Certification

OFM's Credit Card Policy and Procedures Statement is available to our staff on the intranet. The Statement outlines requirements for the issue, use and administration of cards. The rules are consistent with the Government policy as outlined in Treasurer's Directions and Treasury Circulars. In accordance with Treasurer's Direction 205.01, it is certified that credit card usage by officers of OFM has been in line with Government requirements.

Outstanding invoices by age at the end of each quarter	Current (i.e. within due date) \$	Less than 30 days overdue \$	Between 30 and 60 days overdue \$	Between 60 and 90 days overdue \$	More than 90 days overdue \$
September 2008	446,868	0	0	0	0
December 2008	31,153	0	0	0	0
March 2009	42,601	0	0	0	0
June 2009	203	0	0	0	0

Accounts paid on time during each quarter	Total Accounts Paid on Time				Total Amount Paid \$
	Target %	Actual %		\$	
		By Number	By Value		
September 2008	88	95	86	3,205,904	3,726,075
December 2008	88	92	97	5,565,678	5,756,988
March 2009	88	86	90	3,538,469	3,922,934
June 2009	88	89	91	5,016,253	5,541,731

During 2008-09 there were no instances where penalty interest was paid in accordance with section 18 of the *Public Finance and Audit (General) Regulation 1995*. There were no significant events that affected payment performance during the reporting period.

## Overseas visits

### NSW Credit Rating

From 17 to 23 December 2008, the Acting Secretary, Michael Schur and the Deputy Secretary, Kevin Cosgriff accompanied the Treasurer, the Hon Eric Roozendaal to the United States of America.

They met with Moodys credit rating agency in New York to discuss the global financial crisis, the NSW Government's priorities and the November 2008 Mini Budget.

They also met with TCorp investors. Steve Knight, the Chief Executive of NSW Treasury Corporation accompanied them to these meetings.

Meetings were also held in Washington DC with the International Monetary Fund and the World Bank to discuss the world economic outlook and action being taken to resolve the global crisis.

Treasury Officers' costs were met by the NSW Treasury.

### Energy Transaction

Following the Government's announcement of its reform package to secure NSW's future energy supply, senior Treasury representatives travelled with the Minister for Finance and Infrastructure to engage international investors. The aim was to maximise the benefit to NSW by attracting international bidders to compete with incumbents and other local bidders in the electricity market.

The Secretary of Treasury, Michael Schur, travelled to Singapore, Malaysia, Japan and Korea from 13 to 21 April 2009. He travelled to Hong Kong and China from 3 to 8 May 2009.

The Deputy Secretary Fiscal and Economic, Kevin Cosgriff, travelled to United Arab Emirates, France, United Kingdom, United States and Canada from 20 to 30 April 2009.

The cost of this travel was met by the Crown Finance Entity.

### Australian and New Zealand School of Government

Scott Wheeler, Principal Advisor, Fiscal and Economic Directorate, travelled to New Zealand from 26 to 28 November 2008. He attended the final compulsory subject of the Australian and New Zealand School of Government's (ANZSOG) Executive Master of Public Administration (EMPA) program.

This program is a multijurisdictional course with subjects taught in each of the jurisdictions. The final compulsory subject meeting for the 2007 cohort students was held in Wellington.

OFM covered the cost of two night's accommodation and travel to and from the airport. Other expenses were covered by Mr Wheeler or ANZSOG.

### Government Self-Insurance

Steve Hunt, Director of the Self Insurance Corporation which manages the NSW Government's self-insurance arrangements, travelled to London from 5 to 15 May 2009.

Mr Hunt met with major international reinsurers in London, which is the traditional financial capital of the world's largest and most influential reinsurers. He also met with reinsurers in Singapore.

Reinsurers value a direct relationship with their clients and require a good understanding of client business and risk profile when considering cover, premiums, terms and conditions.

The trip was successful and all reinsurance arrangements for 2009-10 were in place by 30 June 2009.

SiCorp covered all costs associated with Mr Hunt's travel and accommodation.

## Committees and Boards

Membership is as at 30 June 2009

Statutory Bodies and Other Corporations	Treasury Representation
<ul style="list-style-type: none"> <li>▪ Australian Accounting Standards Board (AASB)</li> <li>▪ Australian Statistics Advisory Council</li> <li>▪ Barangaroo Delivery Authority Board <i>Established in December 2008 to oversee the delivery of the urban renewal of the 22 hectare Barangaroo site</i></li> <li>▪ Environmental Trust</li> <li>▪ Fines Enforcement and Hardship Review Board</li> <li>▪ Internal Audit Bureau</li> <li>▪ NSW Fire Brigades Superannuation Pty Ltd</li> <li>▪ NSW Innovation Council</li> <li>▪ NSW Nation Building and Jobs Plan Taskforce <i>Established in February 2009 to ensure rapid and coordinated delivery of education and housing facilities within NSW which are being funded by the Australian Government's Nation Building and Jobs Plan</i></li> <li>▪ NSW Treasury Corporation</li> <li>▪ Parliamentary Contributory Superannuation Scheme Trustee</li> <li>▪ Rental Bond Board</li> <li>▪ State Contracts Control Board</li> <li>▪ State Property Authority Board</li> <li>▪ Tax Hardship Review Board</li> </ul>	<p>R G Williams P Horn P Mussared</p> <p>L Williams J George P Mussared (Chair) B Monks P Mussared P Mussared</p> <p>M Schur (Chair), K Cosgriff (Deputy Chair) M Schur (Trustee), C Broad B Waddington S Chong P Mussared (Chair) J George</p>
Treasury Committees	Treasury Representation
<ul style="list-style-type: none"> <li>▪ Budget Management Committee</li> <li>▪ Electricity Steering Committee</li> <li>▪ Electricity Strategy Working Group</li> <li>▪ Evidence Based Advice Project Steering Committee</li> <li>▪ HR Executive Sub Committee</li> <li>▪ NSW Lotteries Steering Committee <i>Established in December 2008 to review and develop a detailed sale strategy review</i></li> <li>▪ OFM Audit and Risk Committee</li> <li>▪ OFM Budget Review Group</li> <li>▪ OFM Executive Board</li> <li>▪ OFM IT Steering Committee</li> <li>▪ RTA special number plates Steering Committee <i>Established in November 2008 to oversee the development and implementation of a concession to operate and manage the RTA's Special Number Plate business</i></li> <li>▪ Superannuation Administration (Pillar) Steering Committee <i>Established to oversee the development and implementation of the transaction strategy</i></li> <li>▪ Treasury Managed Fund (TMF) – Advisory Board</li> <li>▪ WSN Senior Officers Working Group <i>Established in November 2008 to undertake a transaction strategy review of WSN Environmental Solutions</i></li> </ul>	<p>M Schur(Chair), M Ronsisvalle, P Mussared , K Cosgriff, C McLiesh, S Brady, R Timbs, C Broad, B Freeland, P Horn, M Pellowe, M Toohey, J-L Charlier (Secretary),</p> <p>M Schur (Chair), K Cosgriff</p> <p>M Schur (Chair), K Cosgriff</p> <p>P Mussared (Chair), C McLiesh, R Williams, R Cox, R Sondalini, K Lawrence-Haynes, R Hay</p> <p>S Brady (Chair), R Williams, J Shrubbs, E Dewar, P Horn, M Pellowe, S Power, D Quinn, A Lester (Secretary)</p> <p>S Brady (Chair), P Wade, W Jarman</p> <p>J Mitchell (Independent Chair), C Feldmanis (Independent member), M Ronsisvalle, S Power, N Theore (Secretary)</p> <p>P Mussared (Chair), S Brady, K Lawrence-Haynes, D Quinn, A Madden (Secretary)</p> <p>M Schur (Chair), M Ronsisvalle, P Mussared , K Cosgriff, S Brady, C McLiesh, R Timbs, R Williams</p> <p>R Williams (Chair), M Ronsisvalle, A Austin, S Brady, C Broad, R Cox, M Pellowe, S Power, L Steven, E Bishop (Secretary)</p> <p>S Brady (Chair)</p> <p>S Brady (Chair), M Clark-Lewis, W Jarman</p> <p>P English, S Hunt</p> <p>S Brady (Chair), M Piggott, W Jarman</p>

## Committees and Boards

Membership is as at 30 June 2009

### Non Treasury Committees

### Treasury Representation

#### **Executive Committees**

▪ Barangaroo Steering Committee	P Mussared, S Power
▪ CEO Counter Terrorism Coordinating Committee	C McLiesh
▪ Chief Executives Committee	M Schur
▪ Government Asset Management Committee	P Mussared, C Campbell, G Vaillant (Secretary)
▪ GST Administration Sub-Committee	K Cosgriff, J George
▪ Heads of Treasuries Committee	M Schur
▪ Heads of Treasuries Sub Committee of Deputies	K Cosgriff
▪ Heads of Treasuries Accounting and Reporting Advisory Committee	M Ronsisvalle
▪ Heads of Treasuries Budget and Financial Framework Advisory Committee	M Ronsisvalle, M Pellowe
▪ Health Efficiency Improvement Task Force	C McLiesh
▪ Human Services and Justice Chief Executive Officers Committee	C McLiesh
▪ Infrastructure Levy Implementation Committee	P Mussared, A Jackson
▪ Internal Audit Implementation Steering Committee	P Mussared (Chair), M Pellowe, N Theore (Secretary)
▪ Industrial Relations Steering Committee	P Mussared, P Horn
▪ Land Supply CEO's Group	M Schur
▪ Metropolitan Chief Executive Officers Committee	P Mussared
▪ Metropolitan Water Chief Executive Officers Committee	S Brady, E Dewar
▪ NSW Skills Council	C McLiesh
▪ Police Property Steering Committee	P Mussared, C Campbell
▪ Police Strategic Partnership Board	P Mussared, C Campbell
▪ RailCorp Rollingstock PPP Control Group	M Ronsisvalle, P Mussared, D Graham
▪ Royal North Shore Hospital PPP Steering Committee	P Mussared, D Graham
▪ Steering Committee for the Review of Government Service Provision	M Ronsisvalle
▪ Transport Planning Infrastructure CEOs' Cluster	M Ronsisvalle
▪ West Metro & M5 Corridor Feasibility Steering Committee <i>Established in December 2008 to monitor the progress of the West Metro and M5 Corridor feasibility studies and manage the quality of the study outputs.</i>	P Mussared, M Ronsisvalle
▪ World Master Games 2009 NSW Government CEOs Committee <i>Established in November 2008 to provide a regular forum for NSW Government executives to exchange information, identify, consider and resolve issues related to the Sydney 2009 World Master Games (to be held on 10-18 October 2009).</i>	S Brady
▪ World Youth Day Coordination Committee <i>Established in July 2008 to assist the World Youth Day Co-ordination Authority plan, Co-ordinate and hold the World Youth Day in Sydney in 2008.</i>	S Brady

#### **Budget and Financial Management**

▪ Heads of Treasuries Uniform Presentation Framework Sub Committee	I Rosenbaum
▪ Office of the Protective Commission Investment Advisory Committee	M McGrath

## Committees and Boards

Membership is as at 30 June 2009

Non Treasury Committees (continued)	Treasury Representation
<b>Infrastructure Management</b>	
<i>Major Projects, including Privately Financed Projects</i>	
▪ Bathurst-Orange Hospital PPP Steering Committee	D Graham
▪ Long Bay Prison/Forensic Hospital Steering Committee	D Graham
▪ National PPP Forum - Inter-Jurisdictional Working Group	D Graham
▪ Newcastle Mater Hospital PPP Steering Committee	D Graham
▪ Bonnyrigg Social Housing PFP Steering Committee	D Graham
<i>Infrastructure and Procurement</i>	
▪ Australian Procurement and Construction Council - Leadership Group	S Chong
▪ Chief Information Officers Executive Council	G Melham
▪ Construction Consultative Committee	S Chong
▪ Gateway Regional Forum	E Williams, M Toohey
▪ Government Licensing Project Steering Committee	G Melham
<i>Property and Planning Sector</i>	
▪ Attorney-General's (Department of the) NSW Audit Committee	S Power
▪ Bays Precinct Taskforce	S Power
▪ Government Asset Management Committee – Property Disposal Assessment Panel	C Campbell (Chair), L Courtney, G Vaillant (Secretary)
▪ Government Licensing Program Steering Committee	M Clark-Lewis
▪ Hunter Estuary Issues Steering Committee	S Power
▪ Infrastructure Levy Implementation Committee – Senior Officers Group	G Grimshaw
▪ Land Supply Senior Officers Group	G Grimshaw
▪ Penrith Lakes Task Force	G Grimshaw
▪ Sydney World Masters Games Finance and Corporate Services Subcommittee	S Power
<b>Human and Social Services Sector</b>	
▪ Human Services and Justice Senior Officers Group	R Sondalini
▪ Interagency Standing Committee on Disability	K Riley
▪ Keep Them Safe – Senior Officers Group	J O'Connell, R Bishop
▪ Mental Health Senior Officers Group	J Shrubb
▪ Non Emergency Patient Transport Steering Committee <i>Established in August 2008 to consider recommendations from the Ambulance Service review in relation to non-emergency transport reforms</i>	R Sondalini
▪ Natural Disaster Relief and Recovery Arrangements Stakeholders Working Group <i>Established in May 2009 to modernise and enhance the NDRA in accordance with the last (2002) round of COAG recommendations.</i>	W Monks
▪ NSW Health Procurement Reform Advisory Committee <i>Established in November 2008 to provide advice to enable NSW Health to obtain agency accreditation and subsequently take over management of Health specific "State Contracts Control Board" contracts.</i>	L Reynolds
▪ Out of Home Care Steering Committee	C McLiesh
▪ State Emergency Management Committee	B Monks
<b>Environment and Economic Services Sector</b>	
▪ Desalination Plant Project Control Group	D Graham, P Miller, R Edwards
▪ Event Liaison Group	B Waddington
▪ Metropolitan Water Plan Steering Group	G Grimshaw
▪ Natural Resources and Environment CEO's Cluster	L Williams
▪ NSW Senior Officers Group on Water - the Senior Officers Group on Water	P Connolly, C Chou
▪ State Fleet Advisory Board	M Clark-Lewis
▪ Tillegra Dam Project Control Group	D Graham, M White, R Edwards



## Committees and Boards

Membership is as at 30 June 2009

### Non Treasury Committees (continued)

### Treasury Representation

#### ***Fiscal and Economic Policy and Advice***

##### *Fiscal Strategy and Economic Conditions*

- |  |                       |
|--|-----------------------|
| ▪ ABS Economic Statistics User Group           | J Diller              |
| ▪ NSW Statistical Co-ordination and User Forum | P Horn                |
| ▪ Population Projection Group                  | M Gadiel              |
| ▪ Wages Policy Task Force                      | P Horn (Joint Leader) |

##### *Economic Strategy and Industry Regulation*

- |   |                  |
|---|------------------|
| ▪ Better Regulation CEOs Reference Group      | R Cox            |
| ▪ Building Industry Consultation Committee    | R Cox            |
| ▪ National IR Review Senior Officers Group    | R Cox, N Rejante |
| ▪ Small Business Regulation Review Task Force | R Cox            |

##### *Revenue and Intergovernmental Advice*

- |   |            |
|---|------------|
| ▪ GST State and Territory Industry Partnership Group                | J George   |
| ▪ GST State and Territory Policy Group                              | J George   |
| ▪ Heads of Treasuries National Tax Equivalence Regime Working Group | R Agnew    |
| ▪ Limitation of Council Rate Increases – Committee of Advice        | B Freeland |

#### ***COAG Reform Agenda Committees***

- |  |                             |
|--|-----------------------------|
| ▪ Aged and Transition Care Sub Group   | K Riley                     |
| ▪ Business Regulation and Competition Working Group  | K.Cosgriff, M Roberts       |
| ▪ Climate Change and Water Working Group   | K Cosgriff                  |
| Complementary Measures Sub Group   | R Cox                       |
| Adaptation Sub Group   | R Cox, A Weaver             |
| Renewable Energy Sub Group   | O Cowell, A Weaver          |
| Water Sub Group  | P Connolly, G Grimshaw      |
| ▪ Commonwealth-State Agreement (AHCA) Aged and Transition Care Sub Group                           | C McLiesh                   |
| ▪ Housing Working Group  | C McLiesh                   |
| National Rental Affordability Scheme (NRAS) & Housing Affordability Fund (HAF) Mechanics Sub Group | L Kastoun                   |
| National Affordability Housing Agreement Sub Group   | L Kastoun                   |
| Indigenous Housing Sub Group   | R Sondalini                 |
| ▪ Health and Ageing Working Group  | C McLiesh                   |
| ▪ Indigenous Reform Working Group  | J O'Connell                 |
| Building the Evidence Base Sub Group   | J O'Connell, M van Rosmalen |
| Remote Indigenous Housing  | J O'Connell, M Van Rosmalen |
| Indigenous Health Sub Group  | C McLiesh                   |
| Remote Service Delivery  | J O'Connell, M Van Rosmalen |
| Optimising Service Delivery Sub Group  | M Van Rosmalen, A McIntosh  |
| Building Blocks and Governance Sub Group   | M Van Rosmalen, A McIntosh  |
| Indigenous Family and Community Safety Sub Group   | M Van Rosmalen, A McIntosh  |
| Remote Infrastructure Sub Group  | M Van Rosmalen, A McIntosh  |
| Indigenous Early Childhood Development Sub Group   | M Van Rosmalen, A McIntosh  |
| Economic Participation and Active Welfare Sub Group  | M Van Rosmalen, A McIntosh  |
| Engagement Sub Group   | M Van Rosmalen, A McIntosh  |
| ▪ Infrastructure Working Group   | P Mussared                  |
| Public Private Partnerships Reform Sub Group   | D Graham                    |
| ▪ Productivity Agenda Working Group  | K Cosgriff                  |
| Schools Sub Group  | K Cosgriff                  |
| Skills and Workforce Development Sub Group   | K Cosgriff                  |
| Early Childhood Development Sub Group  | K Cosgriff                  |
| Performance information management Sub Group   | C Solomon                   |

## Committees and Boards

Membership is as at 30 June 2009

Statutory Bodies/Committees abolished in 2008-09	Treasury Representation
<ul style="list-style-type: none"> <li>▪ Business Information System Project Steering Committee</li> </ul>	P Mussared (Chair), M Ronsisvalle, R Williams, K Lawrence-Haynes, E Sondalini, S Brady, S Power, L Williams, G Morgan, L Locksley
<ul style="list-style-type: none"> <li>▪ Department of Water and Energy Budget Review Steering Committee.</li> </ul>	P Mussared
<ul style="list-style-type: none"> <li>▪ Energy Efficiency Sub Group</li> </ul>	R Cox
<ul style="list-style-type: none"> <li>▪ Growth Centres Commission Board</li> </ul>	M Schur
<ul style="list-style-type: none"> <li>▪ Heads of Treasuries Payroll Tax Administration Harmonisation Steering Committee</li> </ul>	B Freeland
<ul style="list-style-type: none"> <li>▪ Housing Review Steering Committee</li> </ul>	P Mussared
<ul style="list-style-type: none"> <li>▪ Housing Review Working Group</li> </ul>	L Kastoun
<ul style="list-style-type: none"> <li>▪ Internal Audit HR Committee</li> </ul>	A Lester
<ul style="list-style-type: none"> <li>▪ Major Transport Projects Review Steering Committee</li> </ul>	J Pierce (Chair), M Ronsisvalle, M Schur
<ul style="list-style-type: none"> <li>▪ Natural Disaster Mitigation Program Committee</li> </ul>	P Blunden
<ul style="list-style-type: none"> <li>▪ National Art School Task Force</li> </ul>	S Power
<ul style="list-style-type: none"> <li>▪ North West Metro Steering Committee</li> </ul>	M Ronsisvalle, M Schur
<ul style="list-style-type: none"> <li>▪ NSW Government Procurement Senior Officers Committee</li> </ul>	M Toohey, S Chong
<ul style="list-style-type: none"> <li>▪ NSW Public Sector Accountancy Skills Shortage Strategy Group</li> </ul>	R Williams (Chair)
<ul style="list-style-type: none"> <li>▪ NSW Pre School Investment and Reform Plan Working Group</li> </ul>	R Bishop
<ul style="list-style-type: none"> <li>▪ OFM Planning Coordination Committee</li> </ul>	M Schur, S Brady, G Bullivant, D Quinn (Chair), J-L Charlier, M Di Francesco, P Horn, B Waddington, Z Lejins, K Lawrence-Haynes, S Power
<ul style="list-style-type: none"> <li>▪ Service First Client Advisory Board</li> </ul>	R Williams
<ul style="list-style-type: none"> <li>▪ Service First Internal Audit Committee</li> </ul>	D Quinn
<ul style="list-style-type: none"> <li>▪ Suncorp Treasury Risk Management Capability Project</li> </ul>	M Di Francesco (Chair), L Cueno, D Hogan, R Edwards, S Hunt, K Lawrence-Haynes, R Williams, R Sondalini
<ul style="list-style-type: none"> <li>▪ Sydney Exhibition and Convention Growth Strategy Implementation Steering Committee</li> </ul>	P Mussared, S Power
<ul style="list-style-type: none"> <li>▪ Water Access Regulation Working Group</li> </ul>	P Miller

<b>Treasury Circulars 2008-09</b>	<b>Date Issued</b>
<b>TC08/08</b> Changes to Annual Reporting Requirements	<b>16 July 2008</b>
<b>TC08/09</b> Public Authorities (Financial Arrangements) Act 1987 (PAFA Act) - Statutory Guarantee of Performance	<b>5 August 2008</b>
<b>TC08/10</b> Annual Reporting Update	<b>26 August 2008</b>
<b>TC08/11</b> Results and Services Plans (RSPs)	<b>2 October 2008</b>
<b>TC09/01</b> Accounting for Superannuation	<b>18 May 2009</b>
<b>TC09/02</b> Land under Roads	<b>20 May 2009</b>
<b>TC09/03</b> Mandates of Options and Major Policy Decisions under Australian Accounting Standards	<b>20 May 2009</b>
<b>TC09/04</b> Accounting for Long Service Leave and Annual Leave	<b>1 June 2009</b>
<b>TC09/05</b> 2008-09 Total State Sector and General Government Sector Financial Reports Financial Reporting Requirements for Agencies	<b>1 June 2009</b>
<b>TC09/06</b> 2008-09 Financial Accounting Arrangements for the Crown Entity	<b>10 June 2009</b>
<b>TC09/07</b> Guidelines for Reporting of Investment and Liability Management	<b>12 June 2009</b>

## NSW Treasury Policy & Guidelines Papers 2008-09

NSW Treasury Policy & Guidelines Papers (TPPs) outline Government policy and/or NSW Treasury procedures for the direction or guidance of Agencies.

TPP09-4  
May  
2009

### **Accounting Policy: Financial Reporting Code for Budget Dependent General Government Sector Agencies**

The Code applies to all Budget dependent agencies for financial years ending on or after 1 July 2009. It sets out the financial reporting framework for Budget Dependent agencies, outlining the form and content of financial reports and the accompanying note disclosures. This edition of the Code supersedes the previous version, issued as TPP08-4.

TPP09-3  
April  
2009

### **Accounting Policy: Contributions by owners made to wholly-owned Public Sector Entities**

This Policy applies to all NSW Public Sector entities for financial years beginning on or after 1 July 2009. It provides guidance to achieve a consistent approach to accounting for "contributions by owners" (i.e. equity adjustments). It is issued as a Treasurer's Direction under sections 9 and 45E of the PAFA Act 1983. It supersedes the previous policy, issued as TPP08-3.

TPP09-2  
April  
2009

### **Commercial Policy Framework: Guidelines for Boards of Government Businesses**

This is a component of the NSW Government's Commercial Policy Framework. The Guidelines outline the key private sector standards of corporate governance which are most appropriate to the practices and procedures for boards of Government businesses.

These Guidelines are aimed at Government businesses (and their subsidiaries) that have a governing board. Some principles may also be relevant for advisory boards.

TPP09-1  
February  
2009

### **Fringe Benefits Tax Manual**

This manual outlines legislation, rulings, determinations and other relevant information to assist NSW Government agencies comply with FBT requirements. The Manual outlines how to identify and value each type of fringe benefit and discusses the interaction between FBT and GST. Users should also refer to the Fringe Benefits Tax Assessment Act 1986 for specific details of the rules.

The Manual provides useful references to the Australian Taxation Office website and the FBT Guide for Employers. Deloitte Touche Tohmatsu Ltd assisted with the updating of the Manual which replaces the 2003 version (TPP06-2).

TPP08-5  
December  
2008

### **Guidelines for Capital Business Cases**

These Guidelines promote a consistent approach across all public sector agencies in preparing preliminary and final business cases to assist resource allocation decision making for construction; goods and services; information technology and communications; property and accommodation.

Using the Guidelines will ensure robust analysis when considering new proposals. Quantitative evidence supports more informed decision making and will lead to better implementation of new services.

**All NSW Treasury publications  
are published on the OFM Website  
[[www.treasury.nsw.gov.au](http://www.treasury.nsw.gov.au)]**

## NSW Treasury Research and Information Papers 2008-09

NSW Treasury Research & Information Papers are aimed at promoting discussion, educating or providing information on research projects undertaken by OFM officers.

TRP09-2  
May  
2009

### **Interstate Comparison of Taxes 2008-09**

This paper is produced annually by OFM with the assistance of agencies in NSW and the other States and Territories. Produced after the delivery of State and Territory Budgets, it provides a brief description of each tax to facilitate interstate comparisons.

The publication is not intended as an exhaustive analysis. For a complete operating description of each tax, the relevant Acts of Parliament and/or regulations should be consulted. Some information is based on proposed or announced changes, which at the time of publication may not have been legislated. OFM takes no responsibility for any errors in the information provided.

TRP09-1  
March  
2009

### **NSW Public Private Partnerships Policy – An Evolution**

Public Private Partnerships (PPPs) are increasingly being used to procure public infrastructure world wide. In November 2008 the Council of Australia Governments endorsed the National Public Private Partnership Policy and Guidelines.

The development of the National Policy Framework involved a cooperative effort by all Australian jurisdictions. All state and territory government agencies will now apply the National Guidelines, which effectively replace previously existing policy and guidelines in those jurisdictions.

NSW Treasury prepared this paper to facilitate the harmonisation process by documenting the evolution of PPP policy in NSW.

## Treasury Operational Documents

Triennial

### **Corporate Plan**

The Corporate Plan outlines OFM's strategic management framework and the values it applies. It incorporates the OFM Commitment to Service.

The Plan is issued every three years following a fundamental planning review.

The current edition issued in 2008.

Annual

### **NSW Treasury Annual Report**

Prepared in accordance with *the Annual Reports (Departments) Act 1985*.

## State Financial Reports

### Report on State Finances

An annual publication outlining government activities and the overall financial position of the State Public Sector. The report incorporates the Statement of Budget Result; the Outcomes Report; and the Consolidated Financial report of the NSW Total State Sector, including the NSW Public Accounts.

### Monthly Financial Statements

Monthly reports on General Government finances for the year to date, published on OFM's web site.

## State Budget Papers

### Budget Overview

Provides a brief overview, including clear graphics, of the Budget position, expenditure and revenue and economic context. Outlines the Budget papers and key terms.

### Budget Speech BP 1

The printed version of the speech delivered in Parliament by the Treasurer on Budget day. It sets out the Government's budgetary strategy and financial plans.

### Budget Statement BP 2

Presents detailed information on Budget aggregates (i.e. for the General Government Sector) and on State finances more generally. Outlines the State fiscal strategy.

### Budget Estimates BP 3 (2 volumes)

Contains detailed revenue and expense information on General Government Sector portfolios and agencies. Information is provided on the net cost of providing services for each Budget Dependent agency.

### Infrastructure Statement BP 4

Provides detail of the General Government Sector and Public Trading Enterprise Sector plans for infrastructure expenditure. Information is provided on an accrual basis.

### Appropriation Bills BP 5

Bills appropriating money required for the recurrent services and capital works and services of Government during the financial year.

## State Infrastructure Strategy

The Strategy issues every second year, setting out the Government's infrastructure plans and priorities for the coming ten years. It links immediate funding with longer term infrastructure planning and identifies the main drivers of infrastructure spending – coastal population growth, increased ageing and the impact of new technology.

The inaugural Strategy, which issued in May 2006, covered the ten years from 2006-07 to 2015-16. A revised edition issued in June 2008 covering the ten years to 2017-18.

## Freedom of Information

There are no major issues to report on OFM's compliance with FOI requirements.

Personal		Other		Total	
2007-2008	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009

### New FOI requests

New (including transferred in)	-	-	30	39	30	39
Brought forward	-	-	3	2	3	2
<b>Total to be processed</b>	-	-	<b>33</b>	<b>41</b>	<b>33</b>	<b>41</b>
Completed	-	-	25	28	25	28
Discontinued	-	-	6	7	6	7
<b>Total processed</b>	-	-	<b>31</b>	<b>35</b>	<b>31</b>	<b>35</b>
Unfinished (carried forward)	-	-	2	6	2	6

### Discontinued applications

Transferred	-	-	3	2	3	2
Withdrawn	-	-	1	1	1	1
Applicant failed to pay	-	-	2	4	2	4
Unreasonable resources	-	-	-	-	-	-
<b>Total discontinued</b>	-	-	<b>6</b>	<b>7</b>	<b>6</b>	<b>7</b>

### Completed applications

Granted in full or otherwise available in full	-	-	6	18	6	18
Granted in part or otherwise available in part	-	-	5	4	5	4
Refused or exempted	-	-	6	6	6	6
Deferred	-	-	8	0	8	0
<b>Total completed</b>	-	-	<b>25</b>	<b>28</b>	<b>25</b>	<b>28</b>

## Freedom of Information

	Personal		Other		Total	
	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009
<b>Applications granted or otherwise available in full</b>						
<i>All documents requested were:</i>						
Provided to applicant	-	-	6	17	6	17
Provided to the applicant's medical practitioner	-	-	-	-	-	-
Available for inspection	-	-	-	-	-	-
Available for purchase	-	-	-	-	-	-
Library material	-	-	-	-	-	-
Subject to deferred access	-	-	-	-	-	-
Available by a combination of any above reasons	-	-	-	1	-	1
<b>Total granted or otherwise available in full</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>18</b>	<b>6</b>	<b>18</b>
<b>Applications granted or otherwise available in part</b>						
<i>All documents requested were:</i>						
Provided to applicant	-	-	5	4	5	4
Provided to the applicant's medical practitioner	-	-	-	-	-	-
Available for inspection	-	-	-	-	-	-
Available for purchase	-	-	-	-	-	-
Library material	-	-	-	-	-	-
Subject to deferred access	-	-	-	-	-	-
Available by a combination of any above reasons	-	-	-	-	-	-
<b>Total granted or otherwise available in full</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>4</b>



## Freedom of Information

	Personal		Other	
	2007-2008	2008-2009	2007-2008	2008-2009
<b>Refused FOI applications</b>				
Exempt	-	-	5	6
Deemed refused	-	-	1	0
<b>Total refused</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>6</b>
<b>Exempt documents</b>				
<b><i>Restricted documents</i></b>				
Cabinet document	-	-	9	10
Executive council documents	-	-	-	-
Law enforcement and public safety documents	-	-	-	-
Counter terrorism	-	-	-	-
<b><i>Documents requiring consultation</i></b>				
Intergovernmental relations	-	-	-	-
Personal affairs	-	-	-	-
Business affairs	-	-	1	-
Conduct of research	-	-	-	-
<b><i>Documents otherwise exempt</i></b>				
Schedule 2 exempt agency	-	-	-	-
Information confidential to Olympic Committees	-	-	-	-
Relating to threatened species, Aboriginal objects or Aboriginal places	-	-	-	-
Threatened species conservation	-	-	-	-
Plans of management containing information of Aboriginal significance	-	-	-	-
Privacy documents in public library collections	-	-	-	-
Judicial functions	-	-	-	-
Subject to contempt	-	-	-	-
Arising out of companies or securities legislation	-	-	-	-
Exempt under interstate FOI legislation	-	-	-	-
Subject to legal professional privilege	-	-	-	-
Containing confidential material	-	-	-	-
Subject to secrecy provisions	-	-	-	-
Affecting State economy	-	-	-	-
Affecting financial or property interests of the State or an agency	-	-	-	-
Concerning operations of agencies	-	-	-	-
Internal working documents	-	-	-	-
Other exemptions	-	-	-	-
<b>Total applications including exempt documents</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>10</b>

## Freedom of Information

Formal consultations	Number	
	2007-2008	2008-2009
Requiring formal consultation	6	10
Persons formally consulted	na	na

Fees and costs (excluding applications transferred out)	Assessed costs		Fees received	
	2007-2008	2008-2009	2007-2008	2008-2009
All completed applications	\$6,015	\$5,347	\$3,901	<b>\$1,965</b>

	Personal		Other		Total	
	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009
<b>Fee discounts</b> (where fees were waived or discounted)						
Processing fee waived in full	-	-	0	0	0	0
Public interest discounts	-	-	0	0	0	0
Financial hardship – pensioner or child	-	-	0	0	0	0
Financial hardship – non-profit organisation	-	-	0	0	0	0
<b>Total</b>	-	-	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Number of calendar days taken to complete request</b>						
0-21 days: statutory determination period	-	-	12	16	12	16
22-35 days: extended statutory determination period for consultation or retrieval of archived records	-	-	6	5	6	5
Over 21 days: deemed refusal where no extended determination period applies	-	-	7	7	7	7
Over 35 days: deemed refusal where extended determination period applies	-	-	0	0	0	0
<b>Total</b>	-	-	<b>25</b>	<b>28</b>	<b>25</b>	<b>28</b>

## Freedom of Information

Processing time (hours)	Number of completed FOI applications					
	Personal		Other		Total	
	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009
	0-10 hours	-	-	19	21	19
11-20 hours	-	-	4	7	4	7
21-40 hours	-	-	2	0	2	0
Over 40 hours	-	-	0	0	0	0
<b>Total</b>	-	-	<b>25</b>	<b>28</b>	<b>25</b>	<b>28</b>

Number of reviews	Number of reviews completed	
	2007-2008	2008-2009
Internal reviews	3	3
Ombudsman reviews	1	0
ADT reviews	1	0

Results of internal reviews (2008-2009)	Number of internal reviews					
	Personal		Other		Total	
	Original agency decision upheld	Original agency decision varied	Original agency decision upheld	Original agency decision varied	Original agency decision upheld	Original agency decision varied
Access refused	-	-	2	1	2	1
Access deferred	-	-	0	0	0	0
Exempt matter deleted from documents	-	-	0	0	0	0
Unreasonable charges	-	-	0	0	0	0
Failure to consult with third parties	-	-	0	0	0	0
Third parties views disregarded	-	-	0	0	0	0
Amendment of personal records refused	-	-	0	0	0	0
<b>Total</b>	-	-	<b>2</b>	<b>1</b>	<b>2</b>	<b>1</b>

## Treasurer's Legislation

- Annual Reports (Departments) Act 1985 No 156
- Annual Reports (Statutory Bodies) Act 1984 No 87
- Appropriation Act 2008 No 45
- Appropriation (Parliament) Act 2008 No 46
- Appropriation (Parliament) Act 2009 No 44
- Appropriation (Special Offices) Act 2008 No 47
- Appropriation (Special Offices) Act 2009 No 45
- Australia and New Zealand Banking Group Limited (NMRB) Act 1991 No 35
- Bank Integration Act 1992 No 80
- Bank Mergers Act 1996 No 130
- Bank Mergers (Application of Laws) Act 1996 No 64
- Banks and Bank Holidays Act 1912 No 43, section 22  
(remainder, the Minister for Industrial Relations)
- Betting Tax Act 2001 No 43
- Canberra Advance Bank Limited (Merger) Act 1992 No 17
- Capital Debt Charges Act 1957 No 1
- Charter of Budget Honesty (Election Promises Costing) Act 2006 No 89
- Commonwealth Places (Mirror Taxes Administration) Act 1998 No 100
- Commonwealth Powers (State Banking) Act 1992 No 104
- Conversions of Securities Adjustment Act 1931 No 63
- Dartmouth Reservoir (Financial Agreement) Act 1970 No 30
- Decimal Currency Act 1965 No 33
- Duties Act 1997 No 123
- Finances Adjustment Act 1932 No 27
- Financial Agreement Act 1944 No 29
- Financial Agreement Act 1994 No 71
- Financial Agreement (Amendment) Act 1976 No 35
- Financial Agreement (Decimal Currency) Act 1966 No 39
- Financial Agreement Ratification Act 1928 No 14
- Financial Agreement (Returned Soldiers Settlement) Ratification Act 1935 No 1
- Financial Sector Reform (New South Wales) Act 1999 No 1
- Fines Act 1996 No 99  
(except parts, the Attorney General)
- First Home Owner Grant Act 2000 No 21
- Fiscal Responsibility Act 2005 No 41
- Freight Rail Corporation (Sale) Act 2001 No 35
- Gaming Machine Tax Act 2001 No 72, Part 3  
(remainder, jointly with the Minister for Gaming and Racing,  
except Part 4 and Schedule 1, the Minister for Gaming and Racing)

## Treasurer's Legislation

- General Government Liability Management Fund Act 2002 No 60
- Government Guarantees Act 1934 No 57
- Government Insurance Office (Privatisation) Act 1991 No 38
- Health Insurance Levies Act 1982 No 159
- Inscribed Stock Act 1902 No 79
- Inscribed Stock (Issue and Renewals) Act 1912 No 51
- Insurance Protection Tax Act 2001 No 40
- Interest Reduction Act 1931 No 44
- Intergovernmental Agreement Implementation (GST) Act 2000 No 44
- Internal Audit Bureau Act 1992 No 20
- Land Tax Act 1956 No 27
- Land Tax Management Act 1956 No 26
- NSW Grain Corporation Holdings Limited Act 1992 No 31
- NSW Self Insurance Corporation Act 2004 No 106
- Pacific Power (Dissolution) Act 2003 No 17
- Payroll Tax Act 2007 No 21
- Petroleum Products Subsidy Act 1997 No 112
- Probate and Administration Act 1898 No 13, section 61B (7) and (8) (remainder, the Attorney General)
- Public Authorities (Financial Arrangements) Act 1987 No 33
- Public Finance and Audit Act 1983 No 152 (except parts, the Premier)
- Public Loans Act 1902 No 81
- Public Sector Employment and Management Act 2002 No 43, Chapter 7 (jointly with the Minister for Commerce; remainder the Premier, except parts, jointly the Premier and Minister for Public Sector Reform)
- Road Improvement (Special Funding) Act 1989 No 95
- Secondary Mortgage Market (State Equity Participation) Act 1985 No 131
- State Bank (Corporatisation) Act 1989 No 195
- State Bank of South Australia (Transfer of Undertaking) Act 1994 No 47
- State Bank (Privatisation) Act 1994 No 73
- Superannuation Administration Act 1996 No 39
- Superannuation (Axiom Funds Management Corporation) Act 1996 No 40
- Taxation Administration Act 1996 No 97
- Totalizator Act 1997 No 45, section 76 (remainder, the Minister for Gaming and Racing)
- Totalizator Agency Board Privatisation Act 1997 No 43
- Treasury Corporation Act 1983 No 75
- Unclaimed Money Act 1995 No 75

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

The Office of State Revenue administers the Treasurer's taxation and fines legislation.

Please refer to the relevant Act or OSR's annual report if a more detailed explanation of amendments to those Acts is required.

## Spring Session 2008

### **Fines Further Amendment Act 2008** (Act 110, assented 8 December 2008)

This Act amends the Fines Act 1996 to:

- (a) permit persons in receipt of certain Government benefits to elect to pay fines in regular instalments from those benefits
- (b) provide for the giving of official cautions in certain circumstances as an alternative to issuing a penalty notice
- (c) provide for an internal review of a decision to issue a penalty notice in certain circumstances
- (d) provide for a review of a decision to issue a penalty notice before a penalty notice enforcement order is annulled in certain circumstances if no internal review of the decision has taken place
- (e) provide for the trial of a scheme to allow persons belonging to certain vulnerable groups to mitigate a fine by undertaking activities under a work and development order
- (f) extend the power to write off fines to enable fines to be partially written off.

The Act also amends:

- (a) the Crimes (Administration of Sentences) Act 1999 to permit information obtained in the administration of that Act to be disclosed to the State Debt Recovery Office
- (b) the Fines Regulation 2005 to provide for waiver, postponement or refund of costs and fees, to provide that an internal review of a decision to issue a penalty notice is not required if the penalty notice was issued by a police officer and to provide for a trial period for work and development orders and the maximum number of such orders that may be made during that period
- (c) the Road Transport (Driver Licensing) Act 1998 and regulations under that Act to create separate offences in relation to suspended or cancelled driver licences where the suspension or cancellation occurs under the Principal Act.

### **Superannuation Administration Amendment (Chief Executive) Act 2008** (Act 117, assented 10 December 2008)

This Act provides for the employment of the chief executive officer of the SAS Trustee Corporation (known as State Super or STC) by the STC Board on terms and conditions determined by the Board with the concurrence of the Minister.

Previously, the chief executive officer held a statutory office within the Chief Executive Service under the Public Sector Employment and Management Act 2002 and was appointed by the Minister.

### **State Revenue and other Legislation Amendment (Budget Measures) Act 2008** (Act 122, assented 10 December 2008)

This Act gives effect to Budget measures announced by the Treasurer in the Legislative Assembly on 11 November 2008, and certain other related measures.

The Act contains the following:

- (a) amendments to the Duties Act 1997 to defer the abolition of certain duties, to increase flat-rate duties, and to grant a duty exemption to a vesting of land that occurs as a consequence of termination of a strata scheme or similar scheme
- (b) amendments to the First Home Owner Grant Act 2000 to increase the amount of the first home owner grant, by giving effect to the first home owner boost scheme and the NSW new home buyers supplement scheme
- (c) amendments to land tax legislation to provide for a new premium rate of land tax on land holdings with a taxable value of more than \$2,250,000, and to provide for the annual adjustment of the premium rate threshold
- (d) amendments to the Children and Young Persons (Care and Protection) Act 1998 and the Children and Young Persons (Care and Protection—Child Employment) Regulation 2005:
  - (i) to enable fees to be charged in connection with the administration of the children's service licensing scheme and the out of school hours care services registration scheme (including the waiver, reduction, deferral and refund of any such fees)
  - (ii) to increase fees for an application for an authority to employ children or for an exemption from the requirement to hold such an authority, so that the fees apply on a cost recovery basis.
- (e) amendments to the Civil Procedure Regulation 2005 to increase the daily fees payable for hearings of civil proceedings in the Supreme Court
- (f) amendments to emergency services legislation to introduce a scheme for funding the State Emergency Service, from contributions by insurance companies, local government and the State Government, consistent with the scheme applicable to Fire Brigades
- (g) amendments to the Human Tissue Act 1983 to enable the Director-General of the Department of Health to recover the costs incurred by the State in connection with the supply of blood to the private health sector by suppliers such as Australian Red Cross Society
- (h) amendments to the Management of Waters and Waterside Lands Regulations—NSW to increase the annual fees for mooring licences in the Sydney Harbour (Eastern) locality
- (i) amendments to the Mining Regulation 2003 to increase the base rate of royalty payable for coal

## Spring Session 2008

- (j) amendments to the Parking Space Levy Act 1992 to increase the parking space levy, from 2009-2010
- (k) amendments to the Growth Centres (Development Corporations) Act 1974 to abolish the Growth Centres Commission and consequential and other minor amendments to other planning legislation
- (l) amendments to the Private Hospitals Regulation 1996 and the Day Procedure Centres Regulation 1996 to increase licence fees for private hospitals and day procedure centres, so that application fees for licences, annual licence fees and application fees for the transfer of licences are charged on a full cost recovery basis
- (m) amendments to the Real Property Regulation 2008 to introduce new fees in relation to certain dealings in land, and to increase certain existing fees
- (n) amendments to the Victims Support and Rehabilitation Act 1996 to double the compensation levies payable by convicted offenders and to provide for the annual adjustments of those levies on the basis of increases in the consumer price index
- (o) amendments to the Protection of the Environment Operations (Waste) Regulation 2005 and related legislation:
- (i) to increase the waste contributions currently payable by occupiers of licensed waste facilities in respect of certain waste received or generated in the Sydney metropolitan area and other regulated areas, and provide for contributions to be payable in respect of such waste received or generated in certain regional areas, and
  - (ii) to extend the scope of the Waste Performance Improvement Scheme so that it applies to local councils in certain regional areas and encompasses broader environmental sustainability objectives, and
  - (iii) to provide for payment of a special levy by occupiers of licensed waste facilities used to dispose of coal washery rejects only.

Provision is made for the Act to be repealed after all its amendments have commenced, without affecting those amendments.

## Budget Session 2009

### **Appropriation (Budget Variations) Act 2009** (Act 10, assented 7 April 2009)

This Act appropriates additional amounts from Consolidated Fund for recurrent services and capital works and services for 2008–09 and 2007–08 for the purpose of giving effect to certain Budget variations required by exigencies of Government.

The additional amounts appropriated for the 2008-09 are:

- (a) \$343,195,000 in adjustment of the vote "Advance to the Treasurer"
- (b) \$10,891,000 for recurrent services in accordance with section 22 (1) of the Public Finance and Audit Act 1983
- (c) \$520,505,000 for other additional recurrent services

The additional amounts appropriated for the 2007-08 are:

- (a) \$303,144,000 in adjustment of the vote "Advance to the Treasurer"
- (b) \$240,010,000 for recurrent services and capital works and services in accordance with section 22 (1) of the Public Finance and Audit Act 1983

### **Appropriation Act 2009** (Act 43, assented 26 June 2009)

This Act appropriates various sums of money required for the recurrent services and capital works and services of the Government during 2009–10.

The Act relates to appropriations from the Consolidated Fund, which is considered to be the "public purse". It largely comprises receipts from, and payments out of, taxes, fines, some regulatory fees, Commonwealth grants and income from Crown assets.

The Act for the 2009–10 contains an additional appropriation, to allocate revenue raised in connection with changes to gaming machine taxes to the Minister for Health for spending on health related services.

### **Appropriation (Parliament) Act 2009** (Act 44, assented 26 June 2009)

This Act appropriates out of Consolidated Fund sums for recurrent services and capital works and services of the Legislature for 2009-10.

### **Appropriation (Special Offices) Act 2009** (Act 45, assented 26 June 2009)

This Act appropriates out of Consolidated Fund sums for the recurrent services and capital works and services for 2009-10 for:

- Independent Commission Against Corruption
- Ombudsman's Office
- NSW Electoral Commission
- Office of the Director of Public Prosecutions

## Budget Session 2009

### **State Revenue Legislation Amendment Act**

(Act 46, assented 26 June 2009)

This Act was cognate with the Appropriation Act 2009. It amends the following Acts.

#### *Duties Act 1997*

- (i) To introduce a scheme for a 50% reduction in the duty payable on new housing (to be known as the NSW Housing Construction Acceleration Plan)

The duty reduction applies to the following dutiable transactions:

- an agreement for the sale or transfer, or a transfer, of dutiable property for the purposes of the acquisition of a new home that is complete and ready for occupation
- an agreement for the sale or transfer of land on which a new home is to be built before completion of the sale or transfer (an off the plan purchase agreement).

The agreement for sale or transfer, or transfer, must be entered into, or occur, on or after 1 July 2009 and before 1 January 2010. An off the plan purchase agreement must generally be completed by 30 June 2011.

- (ii) To abolish the duty payable on an application to register a caravan (including a camper trailer)

#### *First Home Owner Grant Act 2000*

To extend the period of operation of the NSW New Home Buyers Supplement from 10 November 2009 to 30 June 2010.

As a result, the amount of the supplement (\$3,000) will continue to be available in respect of contracts for the purchase or construction of a new home that are made before 30 June 2010.

An agreement or transfer is not eligible under the scheme if it is eligible for a duty exemption or concession under the First Home Plus scheme or a grant is payable in respect of the acquisition of the new home under the First Home Owner Grant Act 2000.

The dutiable value of the dutiable property that is the subject of the agreement or transfer must not exceed \$600,000.

### **State Revenue Legislation Further Amendment Act**

(Act 51, assented 26 June 2009)

The Act amends the following Acts:

#### *Duties Act 1997*

- (i) to make further provision for eligibility for a duty concession or exemption under the First Home Plus scheme
- (ii) to make further provision for the recovery of duty where the duty concession or exemption under the First Home Plus scheme is wrongly applied to an agreement or transfer
- (iii) to make the duty chargeable in respect of an acquisition of an interest in a landholder chargeable regardless of whether the landholder is "land rich" and to make other changes to the scheme for landholder duty
- (iv) to revise and simplify arrangements for the assessment of duty on mortgages
- (v) to deter artificial, blatant or contrived schemes to reduce, avoid or postpone liability for duty by introducing special provisions relating to the assessment of tax avoidance schemes
- (vi) to make further provision for the charging of duty in respect of the transfer of business assets
- (vii) to provide for further concessions in respect of transactions charged with nominal duty
- (viii) to require an emergency services levy to be treated as part of the premium of an insurance policy, for duty purposes
- (ix) to clarify that a duty of 5% of the premium is payable on life insurance that is trauma or disability insurance
- (x) to replace the current arrangements by which certain Crown bodies are charged with duty under that Act
- (xi) to make other minor amendments, including for law revision purposes

#### *Fines Act 1996*

- (i) to provide that if a person's court fine enforcement order or a penalty notice enforcement order is withdrawn or annulled, any money already paid under the order may be allocated to the payment of other fine enforcement orders payable by the person
- (ii) to specify how applications for the annulment of penalty notice enforcement orders are to be determined
- (iii) to clarify that amounts payable under a penalty notice received, recovered or collected by the State Debt Recovery Office on behalf of another person or body (for example, a local council) may be paid by the Office to the person or body (rather than into Consolidated Revenue as is the general rule) and that the Office may deduct or retain its fee or payment from those amounts
- (iv) to make certain terminology used in that Act relating to motor vehicles consistent with road transport legislation



## Budget Session 2009

### *First Home Owner Grant Act 2000*

- (i) to extend the application of the first home owner boost for new and established homes
- (ii) to establish a cap on eligibility for the first home owner grant
- (iii) to allow the Chief Commissioner to vary or reverse a decision to confer a grant that was based on false or misleading information provided by the applicant for a first home owner grant at any time after the decision is made
- (iv) to allow the Chief Commissioner to lodge a caveat in respect of land to ensure the payment of any amount that is recoverable from an applicant
- (v) to permit information obtained in the administration of the First Home Owner Grant Act 2000 to be disclosed in connection with the administration of the First Home Saver Accounts Act 2008 of the Commonwealth
- (vi) to confirm that the commencement date of an eligible transaction is the date at which an applicant's compliance with certain eligibility criteria is to be determined
- (vii) for law revision purposes

### *Land Tax Management Act 1956*

- (i) to provide that lessees from the Crown of land on Lord Howe Island are exempt from land tax
- (ii) to provide that the joint assessment of joint owners of land is to be on the basis of the aggregated values of the proportionate interests of non-exempt joint owners
- (iii) to make it clear that when the Commonwealth is a joint owner of land, the Commonwealth's immunity from land tax does not confer immunity or exemption on any other joint owner
- (iv) to exempt company title home units from the provision that makes land tax a first charge on land
- (v) to make it clear that a principal place of residence concession that applies following the death of the owner of residential land extends to strata lots
- (vi) to extend principal place of residence concessions that apply following the death of an owner to the land tax reductions that apply to partial use of land for residential purposes

### *Petroleum Products Subsidy Act 1997*

To provide for abolition of the subsidy scheme under that Act on 1 July 2009 or on a later date specified by regulation

### *Betting Tax Act 2001*

- (i) to confirm that betting tax on approved betting activities is payable at a rate of 10.91 per cent, rather than the higher rate of 19.11 per cent
- (ii) to remove the power of the Governor to make an order declaring a lower rate of betting tax for approved betting activities

### *Taxation Administration Act 1996*

- (i) to provide that the market rate component of the interest rate that is payable on unpaid tax is to be updated quarterly rather than annually
- (ii) to provide that the reduction in penalty tax for a voluntary disclosure of information relating to a tax default does not apply to certain registered taxpayers who fail to lodge a return and pay tax by the due date

### *Payroll Tax Act 2007*

- (i) to ensure that the relevant amount of wages that must be paid by employers annually in order for them to be designated as a designated group employer for payroll tax purposes is the same as the threshold amount for payroll tax
- (ii) to authorise the Hardship Review Board, which is constituted under the Taxation Administration Act 1996, to exercise its functions under that Act in relation to payroll tax payable under the Payroll Tax Act 2007

### *Insurance Protection Tax Act 2001*

To ensure that the premium payable for general insurance includes any contribution required to be paid by an insurer under the State Emergency Service Act 1989, and for law revision purposes

### *Unclaimed Money Act 1995*

To provide that unclaimed dividends and other unclaimed amounts arising from the liquidation of a company that have been or will be paid to the Treasurer under a provision of the Companies (NSW) Code are to be paid to the Chief Commissioner of State Revenue as unclaimed money

### *Health Insurance Levies Act 1982*

Minor changes of a law revision nature

### ***Annual Reports (Departments)***

#### ***Regulation 2005***

#### ***Annual Reports (Statutory Bodies)***

#### ***Regulation 2005***

Minor changes to update the annual reporting disclosures for a consequential change to the *Privacy and Personal Information Protection Act 1998* and to remove a redundant provision regarding the Action Plan for Women

### ***Public Finance and Audit Act 1983***

#### ***Public Finance and Audit Regulation 2005***

Minor changes to the Act and Regulations to keep the schedules of applicable departments and statutory bodies current

### ***Statutory Legislative Reviews***

Reports on the required reviews of the following Acts were tabled:

- 3 March 2009 - General Government Liability Management Fund Act 2002 – the Act's objectives, effectiveness and ongoing relevance were confirmed
- 25 June 2009 - Pacific Power (Dissolution) Act 2003 – it was confirmed that the Act's objective largely had been met.

## Annual Reporting Legislation

The Treasurer administers the Annual Reports legislation governing departments and statutory bodies.

Since the end of 1991, as part of this responsibility, the Treasury has conducted an annual reports review program.

The annual reports review program is part of Treasury's strategy aimed at enhancing statutory compliance and the overall quality and relevance of agencies' annual reports.

The general objectives of the program are two-fold:

- to monitor compliance with annual reporting legislation
- to promote best practice in public sector annual reporting.

The 2007-2008 annual reports review program examined compliance with the relevant annual reporting legislation and identified instances of "better" reporting practices.

The Treasury website has been updated summarising the results of the 2007-2008 annual reports review.

## Exemptions and Variations from Reporting Requirements under Acts and Regulations

Agency	Applicable Financial Year(s)	Exemption/Variation	Reason for Approval
Degrees in Catering Pty Limited	2008	Exemption from requirement for preparation and audit of a final financial report	Entity deregistered
ITC Europe Ltd	2008	Extended final financial year and exemption from preparation and audit of a final financial report	Dissolution of entity
Eraring Retail Pty Ltd	2008/09	Extended final financial year and exemption from preparation and audit of a final financial report	Dissolution of entity
HealthQuest	2008/09	Extended final financial year	Dissolution of entity
Newcastle International Sports Centre Trust and Newcastle Showground and Exhibition Centre	2007/08	Extended final financial year	Dissolution of entity

## Time extensions granted to reporting dates under Acts and Regulations

### 1. To Submit Financial Statements

Agency	Applicable Financial Year(s)	Exemption/Variation	Reason for Approval
Department of Primary Industries	2007/08	Extension to 25 August 2008 for consolidated financial report only	Delays in consolidation
State Council and the Division of the Rural Lands Protection Board	2008	Extension to 11 May 2009	Delays as a result of structural changes
Newcastle International Sports Centre Trust and Newcastle Showground and Exhibition Centre	2007/08	Extension to 12 September 2008	Final financial statements

### 2. To Submit Annual Reports

Agency	Applicable Financial Year(s)	Exemption/Variation	Reason for Approval
Workers' Compensation (Dust Diseases) Board	2007/08	Extension to 30 November 2008	Additional time to obtain information on statutory levies from WorkCover Authority
Department of Primary Industries	2007/08	Extension to 31 December 2008	Delays regarding audit and value of native forest timber
Forests NSW	2007/08	Extension to 30 November 2008	As above
Department of Health	2007/08	Extension to 30 November 2008	Additional time to resolve outstanding accounting issues
Department of Environment and Climate Change	2007/08	Extension to 12 December 2008	Delays in the finalisation of accounting treatment of water licences
NSW Rural Assistance Authority	2007/08	Extension to 31 January 2009	Delays in audit
Riverina Citrus	2007/08	Extension to 30 September 2008	Timing of audit and printing difficulties
WorkCover Authority	2007/08	Extension to 30 November 2008	To synchronise reporting of the WorkCover scheme with WorkCover Authority's annual report

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