



Treasury



# ANNUAL REPORT 2016-17

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*Building a world class Treasury*



## **NSW Treasury**

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# LETTER OF SUBMISSION TO THE NSW TREASURER

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Treasury

The Hon. Dominic Perrottet MP  
Treasurer  
Minister for Industrial Relations  
GPO Box 5341  
SYDNEY NSW 2001

Dear Treasurer

I have pleasure in submitting the Annual Report of the NSW Treasury for the financial year ended 30 June 2017, for presentation to the NSW Parliament in accordance with the *Annual Reports (Departments) Act 1985*.

This volume reports on the operations and performance of the NSW Treasury, together with the consolidated financial statements for the period 1 July 2016 to 30 June 2017.

It also includes selected information about the operations and performance of the Crown Entity (and its related entities).

A second volume contains the audited financial statements of the Related Crown Entities.

Yours sincerely

A handwritten signature in black ink, appearing to read "Michael Pratt".

**Michael Pratt AM**  
Secretary

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**MICHAEL PRATT AM**  
**NSW TREASURY SECRETARY**

On 1 August 2017 I was appointed as the 27th Secretary of NSW Treasury and NSW Industrial Relations. My responsibilities for the Treasury Cluster include NSW Treasury, NSW Treasury Corporation, NSW Industrial Relations, NSW Long Service Corporation, icare (Insurance & Care NSW) and SAS Trustee Corporation.

It's a privilege to lead Treasury at this time and I pay credit to Rob Whitfield who was Secretary prior to my appointment and who led NSW Treasury through a significant and ongoing period of change and financial management transformation.

In 2016-17 NSW Treasury delivered strongly on its vision to build a world class Treasury team, enabling the government to deliver on its promise that the State will always be a great place to live work and do business.

Chief among its achievements was the delivery of the first State Budget in Prime - a Budget described as "the envy of the Western World". This was a significant step towards an outcomes-focused, program-based budget that will transform how NSW allocates scarce state resources - ensuring every dollar will be spent on delivering for the people of NSW. It was a Budget which itself delivered strong fiscal, economic and social outcomes. And it was produced in a new financial management platform - Prime - the implementation of which was the result of strong sector-wide collaboration.

This Budget delivered a higher surplus than forecast at the 2016-17 Budget, with one-off revenues associated with asset recycling driving the increase. Budget surpluses are expected over the forward estimates, even as revenue pressures emerge in part from a decline in NSW's share of the GST.

As a consequence of strong financial management, net worth is projected to grow and is forecast to reach more than one quarter of a trillion dollars by 30 June 2019, the first time this has been achieved by an Australian state government.

For the second consecutive year general government net debt is expected to be negative and is at an historic low as a percentage of gross state product (GSP). This has largely been driven by the asset recycling program which has increased the State's cash and financial assets and strengthened the net debt position.

## YEAR IN REVIEW

Highlights of the asset recycling program across 2016-17 include the completion of the poles and wires transactions including the partial leases of Ausgrid and Endeavour. These transactions have now secured the funding for the Government's \$20 billion Rebuilding NSW infrastructure program. A further \$2.6 billion was released following the successful concession of Land and Property Information's titling and registry services.

Tremendous progress was also made in establishing the globally significant Asset and Liability Committee which, amongst other things, oversees the newly established NSW Infrastructure Future Fund and the State's enviable debt and net worth position and profile.

Building on the previous year, in 2016-17 Treasury aligned its goals to ensure it could deliver on the new Premier's and Treasurer's priorities. This resulted in an additional focus on housing affordability, culminating in the release of the Government's Housing Affordability Package in June and preparation for long-term tax reform, including the establishment of a team to respond to the Productivity Commission's Review of Horizontal Fiscal Equalisation (GST Review).

Across the sector NSW Treasury is being recognised for its thought leadership, innovation and delivery - which of course made the opportunity to lead Treasury a very attractive and exciting one for me.

I also commend the achievements of the other key agencies within the Treasury Cluster - Insurance and Care NSW (icare), Treasury Corporation (TCorp) and SAS Trustee Corporation. Specific details of their operations and outcomes for 2016-17 are outlined in their respective Annual Reports.

Looking ahead, and given my recent background as NSW Customer Service Commissioner, one of my key focus areas will be on how we partner even more strongly and collaboratively across the sector to deliver for the people and businesses of NSW.

A sharp focus on embedding our new financial management system and completing the transition towards outcomes budgeting will allow a whole new approach to Government's decision making around budget expenditure - which will enable Cabinet to make decisions which put funds to highest and best use. The same smart investor approach is being embedded to drive more capacity from our balance sheet both through our funds and the way they are deployed.

I am delighted to be leading NSW Treasury and look forward to providing an update on our strong progress next year.



Michael Pratt AM  
Secretary



## Key achievements

- Successfully delivered first Budget in Prime – the new financial management platform
- Delivered Ausgrid, Endeavour and LPI transactions, completing the electricity networks leasing program
- Implemented the Commissioning and Contestability Unit
- Achieved 10 per cent improvement in the People Matter Survey employee engagement score (compared to 2015)
- Commenced operation of the world's first public sector Asset and Liability Committee

# ABOUT NSW TREASURY

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Established in April 1824, NSW Treasury is the oldest continuing Government agency in Australia. It is a department within the meaning of Schedule 1 of the *Government Sector Employment Act 2013*.

NSW Treasury's vision is to enable the Government to deliver on its promises to the people of NSW that the State will always be a great place to live and work.

Through our highly skilled and professional team, we provide advice to the Government of NSW on managing the State's finances and assets, as well as monitoring the performance of its commercial agencies and developing its financial and industrial relations policies. With more than 500 analysts, economists and specialists from all backgrounds, we are known for the provision of quality advice and influence, excellence in delivery, and strong and transparent risk management.

Treasury's main advisory activities include:

## Management of NSW finances

- consistent collection and consolidation of financial information from agencies
- strong financial management through accurate data and advice
- effective delivery of the NSW Budget and other financial reports on behalf of the Treasurer.

## Economic, policy and delivery

- fiscal, economic, taxation, commercial and financial policy
- reforms to support a strong and competitive economy
- fair and productive industrial relations and public sector wages policies
- robust risk management and governance frameworks.

## Management of NSW assets

- value-creating commercial and financial transactions
- commercial, financial and service delivery reforms
- analysis and advice on private financing of public infrastructure
- managing, monitoring and advising on the efficiency and effectiveness of public sector commercial agencies.

As a department in the NSW Public Sector, Treasury has administrative responsibility for the following entities up until 30 June 2017:

- Long Service Corporation
- Alpha Distribution Ministerial Holding Corporation
- Electricity Assets Ministerial Holding Corporation
- Electricity Transmission Ministerial Holding Corporation
- Epsilon Distribution Ministerial Holding Corporation
- Liability Management Ministerial Corporation
- Lotteries Assets Ministerial Holding Corporation (dissolved 30 June 2017)
- Ministerial Holding Corporation
- Ports Assets Ministerial Holding Corporation
- State Rail Authority Residual Holding Corporation
- Superannuation Administration Assets Ministerial Holding Corporation (dissolved 30 June 2017)

Treasury also administers the Crown Entity which manages assets, liabilities and transactions that cover matters relevant to the Government as a whole rather than any individual agency.



The following entities fall within the Treasury cluster and report to the Treasurer directly and not through Treasury itself:

- Treasury Corporation (TCorp)
- Long Service Corporation
- SAS Trustee Corporation
- icare (Insurance and Care NSW)
- Cobbora Holding Company Pty Ltd
- Electricity Retained Interest Corporation – Ausgrid
- Electricity Retained Interest Corporation – Endeavour Energy
- Hunter Valley Training Company Pty Ltd
- Port Newcastle, Port Botany and Port Kembla Lessor Companies (Pty Ltd)

The Long Service Corporation reports to the Treasurer in his capacity as the Minister for Industrial Relations.

The Secretary of NSW Treasury is also the nominal employer of the NSW Public Service for industrial purposes and is responsible for the central management of NSW public sector industrial relations functions.

## Primary legislation administered by NSW Treasury

Treasury administers a large range of legislation on behalf of the Treasurer and Minister for Industrial Relations. The following constitute the primary legislation which governs most of our core business.

- Annual Holidays Act 1944
- Annual Reports Acts (Departments, 1985; Statutory Bodies, 1984)
- Appropriation Act 2014
- Appropriation (Budget Variations) Act 2014
- Appropriation (Parliament) Act 2014
- Building and Construction Industry Long Service Payments Act 1986
- Contract Cleaning Industry (Portable Long Service Leave Scheme) Act 2010
- Entertainment Industry Act 2013
- Fiscal Responsibility Act 2012
- Government Sector Employment Act 2013 (Part 4, Division 6, jointly with the Premier)
- Industrial Relations Act 1996
- Long Service Corporation Act 2010
- Long Service Leave Act 1955
- Public Authorities (Financial Arrangements) Act 1987
- Public Finance and Audit Act 1983
- Public Holidays Act 2010
- Restart NSW Fund Act 2011
- Retail Trading Act 2008

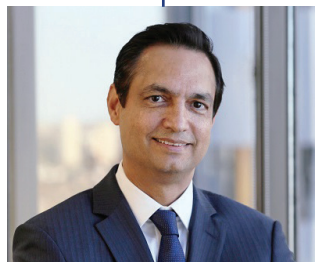
# TREASURY LEADERSHIP TEAM



**Michael Pratt AM**  
NSW Treasury  
**Secretary**



**Caralee McLiesh**  
Fiscal and Economic  
Group  
BEd (Hons) PhD (Finance)  
**Deputy Secretary**



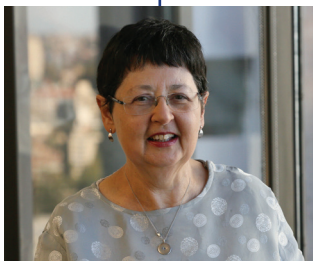
**San Midha**  
Agency Budget and Policy  
BBus, MBA  
**Deputy Secretary**



**Simone Constant**  
Financial Risk  
Management and  
Transformation  
BEcon, LLB  
**Deputy Secretary**



**Philip Gardner**  
Commercial  
BEcon, LLB  
**Deputy Secretary**



**Vicki Telfer**  
Industrial Relations Group  
BSc, DipEd, MPA, MALP,  
GAICD  
**Executive Director**



**Sonia Kammel**  
Corporate  
BBus, FCPA, GAICD  
**Executive Director**



**Brigitte Fairbank**  
Human Resources  
BA (Psych/IR)  
**Executive Director**



**Ryan Bloxsom**  
Chief of Staff  
BA, LLB, MBA (Exec)  
**Executive Director**

As at August 2017

# TREASURY'S STRUCTURE AND RESPONSIBILITIES

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The Treasury Leadership Team comprises the Secretary of Treasury, four Deputy Secretaries, Executive Director Industrial Relations, Executive Director Corporate, Executive Director Human Resources and Chief of Staff.

Treasury consists of seven groups that, along with the Office of the Secretary, are responsible for delivering on Treasury's strategy and goals.

- Fiscal and Economic Group
- Financial Risk Management and Transformation
- Agency Budget and Policy Group
- Commercial Group
- Industrial Relations Group
- Corporate Group
- Human Resources
- Office of the Secretary

## Fiscal and Economic Group

The Fiscal and Economic Group (FEG) provides advice on the NSW economic and fiscal outlook, including budget performance, tax, revenue and productivity measures, intergovernmental relations, competition policy and regulatory reform.

The Group coordinates preparation of the State Budget, Half-Yearly Review and annual Total State Sector Accounts.

Core responsibilities also include advising on:

- economic conditions, forecasting, modelling, and microeconomic reform
- fiscal policy, and revenue and expenditure strategy
- Treasury management
- intergovernmental financial relations
- public sector financial framework reforms, and accounting policy and capability

## Agency Budget and Policy Group

The Agency Budget and Policy (ABP) Group is the primary agency relationship manager at Treasury. ABP partners with agencies and other non-government delivery partners to provide advice on community services to contribute to a strong and sustainable NSW economy.

The role of ABP is to work collaboratively with government agencies to provide high quality advice on financial management, policy reform and resource allocation. The goal is to improve services to the community and increase living standards both now and into the future.

ABP plays a key role in preparing the State Budget and monitoring agency financial and policy performance.

Core responsibilities:

- coordination of agency content for core Treasury publications, including Budget Papers, Total State Sector Accounts, Half-Yearly Review
- economic and financial advice on resource allocation, service delivery, policy and funding reforms
- robust financial monitoring through accurate and quality data analysis
- advising on how to use the state balance sheet more effectively to improve services and economic outcomes
- advising on agency business cases, asset plans and budget proposals
- monitoring agency asset management and delivery.

## TREASURY'S STRUCTURE AND RESPONSIBILITIES

### Financial Risk Management and Transformation

Established in June 2016, the Financial Risk Management and Transformation Group was tasked with delivering the Financial Management Transformation (FMT) program. The Group also strengthens financial risk management capability in Treasury.

Financial Risk Management and Transformation supports the sustainability of NSW by providing the financial platforms to ensure we deliver the best outcomes for the people of NSW, in the most effective and efficient way.

FMT's vision is to create a world class financial management framework for NSW that will support high quality performance and resource management. The program has three pillars:

1. New legislation which will establish a single framework for public sector financial management and replace numerous outdated legislative requirements
2. New policies that support outcome budgeting and reporting. These policies represent a significant shift in how Treasury manages the Budget process and will ensure greater alignment to the Government's policy objectives for the State
3. A new financial management system called Prime, replacing five older, inefficient financial management systems.

Together, the FMT and the new public sector financial risk framework will move the focus from incremental, year-to-year management of finances, to risk, investment and performance-informed allocation of resources with multi-year strategic outcomes. This will drive greater transparency and accountability across the sector.

Financial Risk Management (FRM) focuses on maximising the untapped power of our balance sheet, turning underutilised assets into ones which stimulate growth into the future.

Treasury's Asset and Liability Committee (ALCO) was established in 2016 to help the Government ensure the appropriate forums are established to facilitate financial management reform. FRM supports the ALCO, underpinned by a whole-of-government Risk Appetite Statement. The ALCO draws on the technical and financial market expertise of Treasury Corporation (TCorp) and the private sector by including representatives from these groups as members. Independent members provide expertise on the management of market, credit and operations risk. With this expertise, and that of other members of the ALCO, the government will receive advice on key decisions regarding the State's assets and liabilities. This is a first for a government agency but is considered best practice in other organisations.

### Commercial Group

The Commercial Group has responsibility for commercial policy development, infrastructure advisory and structured finance. It advises on and implements the management of the State's shareholding in its commercial businesses and the delivery of major asset transactions. The Group also includes a new commissioning and contestability unit.

Core responsibilities:

- providing specialist commercial and financial advice to Government to facilitate private sector involvement in major capital projects and related services
- actively implementing management of the Government's shareholding in State Owned Corporations which includes assessing and monitoring their commercial strategies
- partnering with NSW Government agencies to improve the outcomes delivered by government services
- managing major asset transactions.

### Industrial Relations Group

The Industrial Relations Group comprises NSW Industrial Relations (NSW IR) and the Long Service Corporation (LSC). These are part of the Industrial Relations portfolio for the Treasurer in his capacity as the Minister for Industrial Relations.

Core responsibilities:

- providing strategic public and private sector policy advice to the NSW Government
- providing specialist support to public sector agencies regarding the application of the Government's Wages Policy and implementation of Government reforms
- participating as a partner in the Commonwealth's national workplace relations framework
- monitoring and enforcing compliance for the construction, entertainment, retail and the taxi industries.

The LSC administers long service leave payment schemes for building and construction and contract cleaning workers throughout NSW.

Core responsibilities:

- maintaining employer and worker registers
- collection of levies
- investment of scheme funds
- provision of information and advice to industry clients
- payment of accrued benefits
- compliance activities

### Corporate Group

The Corporate Group provides a broad range of expert services and critical support for Treasury. The group is focused on strengthening the monitoring and reporting of business performance, driving continuous improvement across the organisation and providing proactive advice on all aspects of the business.

Core responsibilities

- communications
- executive and ministerial services
- finance and business performance management
- facilities management
- information management systems
- procurement
- project management.

### Human Resources

The role of Treasury's Human Resources team is to maximise the potential of our greatest asset – our people – to ensure that Treasury can deliver on its strategy. The priority of the Human Resources team is to develop the skills and innovation of our people to create a high-performing, results-driven workforce as well as developing strategies and initiatives to make Treasury a rewarding place to work.

Core responsibilities:

- implementing best practice policies, programs and solutions across talent acquisition and management, organisational development, reward, engagement and business partnering
- developing leadership capability and shaping a culture of collaboration and accountability
- driving efficiency and productivity through the careful design of work, the operating model and the organisation
- improving the quality of working life balance for all our people.

### Office of the Secretary

The Office of the Secretary supports the Secretary of Treasury in driving strategy implementation and is a key liaison between Treasury and the Office of the Treasurer.

## ORGANISATIONAL CHANGE

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Treasury continued to ensure in 2016-17 that our agency has a fit-for-purpose organisation structure to deliver on its strategy, as well as a leaner, flatter and more mobile executive workforce for the Public Service.

As required under the Government Sector Employment Act 2013, we completed the second phase of the Senior Executive Implementation (SEI) process - Band 1 SEI - allowing us to strike a balance between providing interesting career development opportunities and retaining a critical depth of expertise for Band 1 executives.

Under the Government Sector reforms, successful Senior Executive Service (SES) and Treasury Technical Officer (TTO) employees transitioned to Public Service Senior Executives. As a result SES and TTO roles ceased to exist under the new structure and were consequently deleted, with affected employees having the option to apply for a role under the new structure.

It is a great testament to the professionalism of our executives that while this process was underway they continued to deliver on our business priorities.

During this process our focus was firmly on putting in place the team, with the leadership skills and capabilities, which will enable us to achieve Goal One, being sought after for the quality of our people and our advice. It also means we have the right structure, roles and leadership capabilities in place as we build a world class Treasury.


We further enhanced the Treasury's Leadership Team and executive cohort with demonstrated leadership skills. During the year it became increasingly clear to the Leadership Team that FMT and FRM are closely interrelated. As a result, Simone Constant was appointed in July to the new role of Deputy Secretary, Financial Risk Management and Transformation. Simone was previously appointed as the Executive Sponsor of Financial Management Transformation.

We also introduced new members to the Team - welcoming Brigitte Fairbank as Executive Director, Human Resources in August; and in November Ryan Bloxsom was appointed Chief of Staff. Ryan's appointment followed an extensive recruitment process. Ryan brings a wealth of experience and a proven track record of supporting the delivery of a number of major achievements including reform of the point-to-point transport market, strategy and communication for the Sydney CBD and Southeast Light Rail and a multi-agency governance framework for transport projects.

Finally, in May 2017 Phil Gardner was appointed Deputy Secretary of Commercial Group. Phil has been with Treasury since October 2015, initially as Executive Director, Commercial Transactions, and more recently job sharing as Acting Deputy Secretary of Commercial Group.

Most recently we welcomed the new Secretary of Treasury, Michael Pratt AM, who commenced on 1 August 2017.

As a result of changes in government administrative arrangements, from 15 March 2017 Insurance and Care New South Wales, known as icare, became part of the Treasury Cluster. As a relatively new organisation, icare delivers the insurance and care schemes for the businesses, people and communities of NSW.



Treasury continued to ensure in 2016-17 that our agency has a fit-for-purpose organisation structure to deliver on its strategy, as well as a leaner, flatter and more mobile executive workforce for the Public Service.

## NSW ECONOMIC AND FISCAL ENVIRONMENT

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The 2017-18 Budget builds on the NSW Government's track record of strong financial management, investing the State's economic and financial success back into the communities of New South Wales and building for the future.

The Budget delivers strong surpluses with \$4.5 billion expected in 2016-17 and forecast average annual surpluses of \$2.0 billion from 2017-18 to 2020-21. This robust budget position means the Government can continue to drive its record infrastructure program, with \$72.7 billion to be invested in infrastructure projects across the state over the next four years. This includes the continuation of major projects like WestConnex and Sydney Metro, but also includes record new investments in local infrastructure, including new and upgraded schools, hospitals and roads, as well as sporting and other facilities for communities across the State.

As a result of financial management reforms, active financial liability management and record levels of infrastructure investment, New South Wales is projected to be the first state to have a net worth of more than one quarter of a trillion dollars, with net worth forecast at \$273.2 billion by June 2021. This represents an increase by \$35.6 billion over four years, with annual average growth of 8.5 per cent, the highest of all the mainland states.

For the second consecutive year, general government net debt is expected to be negative. Net debt of -\$7.8 billion at June 2017 represents an historic low of -1.4 per cent of gross state product (GSP) - in other words adding to rather than subtracting from GSP. As the Government rolls out its infrastructure program, net debt is forecast to increase to 2.7 per cent of GSP by June 2021. New South Wales, however, is still forecast to maintain the lowest net debt as a percentage of GSP of the mainland states over the next four years.

Both major international credit ratings agencies, Moody's and Standard and Poor's, currently rate New South Wales as triple-A, which is the highest possible credit rating.

The NSW economy performed strongly in 2016-17 posting state final demand (SFD) growth of 3.3 per cent, significantly stronger than the national average of 1.9 per cent. Gross state product (GSP) in NSW is estimated to have grown by 2.75 per cent in 2016-17, above the long-run trend of 2.5 per cent, and above the national average.

The State's above-trend economic growth is expected to continue over the next two years, with gross state product (GSP) forecast to rise by 3 per cent in 2017-18 and 2.75 per cent in 2018-19.

A key driver of growth has been the State's sizeable infrastructure investment program. Low interest rates also continue to sustain the State's economy and support household consumption and dwelling investment, while the lower Australian dollar has led to a surge in overseas service exports – especially in tourism and education.

After performing strongly over 2015-16, the State's labour market eased in 2016-17. Despite slower employment growth, the unemployment rate fell to 5.0 per cent in 2016-17, from 5.4 per cent in 2015-16. This was largely due to workforce participation easing to more normal levels, after having reached record highs in 2015-16.

Solid forward indicators, such as job vacancies and hiring intentions, and strong economic activity suggest employment growth should accelerate in 2017-18. Employment is anticipated to rise by an above trend (1.5 per cent) rate of 1.75 per cent in both 2017-18 and 2018-19.

The NSW unemployment rate is forecast to gradually drift lower to 4.75 per cent by 2020-21, though will remain broadly stable in 2017-18 and 2018-19 at around 5 per cent. Broader measures such as underemployment and hours worked suggest that there is considerable spare labour market capacity, particularly at the national level. Above trend net inward migration and the gradual absorption of spare capacity will slow the decline in the unemployment rate.



New South Wales' relative economic strength is drawing labour to the State, as resources are freed up from the mining investment boom. As a result, net outward migration to other states has slowed and the state's share of net overseas migration has picked up to around 40 per cent, its highest level since the early 2000s. Above trend population growth of 1.5 per cent per annum is therefore expected to continue over the next few years, supporting growth in consumption, dwelling investment and employment.

The outlook for economic growth remains strong. Dwelling construction will continue to add to growth while business investment becomes a stronger driver. Economic growth will also be supported by record expenditure on public infrastructure projects and a broader recovery in the rest of Australia is expected to boost interstate trade.



Dwelling investment is expected to record a sixth consecutive year of growth in 2017-18, the longest period of rapid housing stock expansion on record. Approvals remain around historical highs, having peaked at around 77,000 in the 12 months to September 2016. These approvals have contributed to the build-up of a historically large dwelling construction pipeline, which has translated into activity.

In 2017 the NSW property market is expected to transition to the supply phase, with strong construction activity leading to completions. Approvals are expected to remain at elevated levels, although below their 2016 peak. Coupled with supportive Government policy measures, a healthy construction pipeline, continuing demand and an expected recovery in home renovations, dwelling investment is anticipated to increase through 2017-18. As the cycle matures, it is anticipated that 2018-19 will see a modest easing in dwelling investment, albeit at historically high levels.

Household consumption has eased in the last year despite the housing market remaining robust and the savings rate declining. This has been due to softer employment growth and consumer confidence. Going forward, consumption is expected to grow broadly in line with household income.

Business investment grew by 0.3 per cent over 2016-17, and is expected to become a more important driver of economic growth as it strengthens in 2017-18 and remains strong in 2018-19. This outlook is supported by a surge of non-residential approvals late in 2016.

The risks around the economic outlook are broadly balanced and are centred on the housing market and wages growth.

The housing market, due to its cyclical nature and large flow-on effects, poses the largest risk to the forecasts on both the upside and the downside. On the downside, higher than expected interest rates or a sharp decline in dwelling prices could bring an end to the cycle. While on the upside, stronger population growth and supportive government policies could boost demand and drive stronger than expected activity.

Wages growth, which affects inflation, consumption and economic activity, is another key risk. Factors that are currently putting downward pressure on wages, including the unwinding of the mining investment boom, could be stronger or more persistent than expected. On the positive side, high demand for labour in the construction sector, or relative housing affordability slowing inward migration (and therefore available labour supply), could be more pronounced than anticipated.

# TREASURY'S STRATEGY ON A PAGE

## OUR VISION

**A world class Treasury team** – enabling the Government to deliver on its promises to the **people of NSW** that the State will always be a great place to live and work

### PURPOSE

- Quality advice and influence
- Excellence in delivery
- Strong and transparent risk management

### KEY PARTNERS

- NSW Treasurer
- Premier, DPC and PSC
- Service delivery clusters & government commercial entities
- Non-government delivery partners

### CORE SERVICES

#### Analysis, advice and delivery

- Sought after fiscal, economic, revenue, industrial relations, commercial and financial policy advice, reform & implementation
- Robust risk management and governance frameworks
- Quality Cabinet participation

#### Management of NSW finances

- Consistent collection & consolidation of financial information from agencies
- Strong financial management through accurate & powerful data and analysis
- Effective delivery of the budget

#### Management of NSW assets

- Value-creating commercial and financial transactions
- Respected commercial, financial and service delivery reforms
- Market-leading analysis and advice on private financing of public infrastructure

### GOAL ONE

**Be sought after for the quality of our people and our advice**

HOW: Build a culture of highly engaged and talented people who deliver great outcomes for our partners

### GOAL TWO

**Make NSW a world leader in infrastructure delivery and service provision**

HOW: Provide high quality advice and procurement support to inform government decision making

### GOAL THREE

**Provide excellence in the delivery of priority projects**

HOW: Build and implement a best practice project delivery methodology which delivers projects aligned with Government's goals

### GOAL FOUR

**Develop a new approach to financial risk and balance sheet management**

HOW: Build and implement a framework to drive value and manage risk for the State's assets and liabilities

## OUR VALUE

NSW Treasury's strategy and goals are underpinned by our core values: ***Excellence in service, accountability, integrity and trust.***



**Following the development of a clear and compelling Treasury strategy and four goals driving clear outcomes in 2015-16, NSW Treasury made further significant steps in 2016-17 towards its vision of becoming a world class Treasury.**

### Key achievements

Chief among these achievements was the delivery of the first Budget in Prime. The Budget was delivered through a new whole-of-government financial management platform – Prime – whose implementation was the result of incredible sector-wide collaboration with impressive enterprise leadership by senior Treasury executives, in close concert with senior stakeholders from all other agencies.

The State's strong budget position is underpinned by other highlights including the completion of transactions – Ausgrid, Endeavour and LPI; and supported by the strong progress made in establishing the globally significant Asset and Liability Committee (ALCO).

In 2016-17 Treasury realigned its four goals to meet the new Premier's and Treasurer's priorities. This resulted in an additional focus on housing affordability, culminating in the release of the Government's Housing Affordability Package in June and preparation for long-term tax reform, including the establishment of a team to respond to the Productivity Commission's Review of Horizontal Fiscal Equalisation (GST Review).

Treasury continues to have an eye to the future, with our strategy already setting us up for success in the coming years. Outcomes budgeting will enable a whole new approach to government decision-making and budget expenditure – which will enable the Government to make decisions ensuring that taxpayer dollars are put to the most effective use. The same smart investor approach is being embedded to drive more capacity from our balance sheet both through our funds and the way they are deployed.

# OUR PERFORMANCE



## GOAL ONE

Be sought after for the quality of our people and our advice

### HOW

Build a culture of highly engaged and talented people who deliver great outcomes for our partners

### KEY ACTIONS

1. Deliver a Communication and Engagement Plan including workforce planning, employee recognition, mobility, talent and succession, recruitment, leadership development, diversity and inclusion
2. Implement stakeholder relationship plans with agreed quality and delivery metrics

In 2015-16 our key focus was on Goal One – being sought after for the quality of our people and our advice. In that period we refreshed Treasury’s executive team, drove a new approach to customer relationship management and saw a strong upswing in employee engagement.

Throughout 2016-17, we have focused further on enhancing the skills and capability of our leaders and our people, as well as better understanding and responding to our customers.

### Recognition

**Dr Caralee McLiesh**, Deputy Secretary Fiscal and Economic Group, was honoured with the Public Service Medal for outstanding public service to social impact investment policy and reform in New South Wales. Caralee’s achievements while here at Treasury and in her distinguished career are significant and numerous.

Under Caralee’s leadership, Government has launched Australia’s first social impact investments, a new and innovative way of tackling complex social problems. These investments are delivering better outcomes for vulnerable families and more sustainable financing model for social services. They are also delivering broader benefits, with both government agencies and NGOs taking the outcomes focussed, collaborative approach learnt in the investments and applying it to other services.

Caralee has also made outstanding contributions to other social services financing in NSW Government. She led the NSW Treasury input in the NSW negotiating team for the National Disability Insurance Scheme, as well as NSW Treasury negotiations on health financing and National Health Reforms in 2008, 2012 and 2015. Caralee also successfully led the development of a new Treasury funding model for NSW Health in 2009, which remains in place today and made significant contributions to financing out-of-home-care, police and housing reforms over the last eight years.

## Investing in our people

### Increased investment in leadership and capability development

In 2016-17 Treasury finalised design and pilots of two new employee programs - Lead the Way: leadership capability program; and Take the Lead: employee culture build program.

Treasury's new online learning management system was reviewed and relaunched to incorporate all technical compliance training as well as providing access to a suite of learning modules through LinkedIn learning - [Lynda.com](http://Lynda.com).

The 2016-17 year also saw continuation of Treasury's successful Graduate Recruitment program. This year the program included a sector wide NSW Fast-Track Accounting graduate program benefiting both Treasury and the wider public sector.

Four Treasury Band 1 and 2 leaders and two Deputy Secretaries successfully completed the relevant Leadership Academy programs - aimed at developing future senior leaders across the sector and promoting mobility.

In addition, 14 members of Treasury's Extended Leadership Team completed the Company Directors Course through the Australian Institute of Company Directors. The course is tailored to enhance executive performance and in-depth understanding of governance issues, legal aspects of directorship, and financial literacy and strategy.

### Increased focus on employee engagement

During 2016-17 work was undertaken to establish action plans to drive employee engagement. As a result Treasury-wide and divisional 'dial turners' were established to provide a key focus for employee centric actions throughout the year.

Treasury also focused on delivering on our promises for our people - referred to as "*you said ... we did*". In particular there was a focus on reducing the time to recruit for roles. This was called out as an issue in the previous May 2016 People Matter Employee Survey. As a result the time taken to fill roles has been reduced by 75 days.

In March 2017 Treasury introduced an Employee Net Promoter Score (eNPS) measure that provides ongoing insights into employee engagement. The spotlight on employee engagement has shifted dramatically, and the quality of feedback and our ability to target interventions has increased.

### Improvements in People Matters Employee Survey participation and engagement

The People Matters Employee Survey (PMES) is conducted annually by the NSW Public Service Commission seeking feedback from the whole public sector. The 2016 Treasury PMES results for engagement increased by two points - from 65 per cent in 2015 to 67 per cent in 2016. The 2017 PMES survey saw NSW Treasury achieve a participation rate of 92 per cent and an engagement score of 66 per cent.

Treasury's stable engagement score can be attributed to our compelling strategy underpinned by four clear corporate goals. Together they focus our business objectives and provide a clear direction for our people and culture.

### Key talent investment, development and retention

Recognising the importance of investing in our people, we conducted a comprehensive talent review that identified key roles and confirmed both current and potential performance for employees. This focused on employee levels 9/10 to Band 3 and involved establishing succession plans for key roles and mobility plans for identified key talent.

## OUR PERFORMANCE

### **Secondments and mobility plans developing talent**

Treasury's internal recruitment process was transformed to recognise the internal capabilities of high performing employees providing better opportunities for mobility and promotion. As an example of the success of these changes a number of our internal Band 2 leaders had opportunities to act in Deputy Secretary roles. As well, an internal candidate was successfully appointed to the position of Deputy Secretary Commercial following a comprehensive selection process.

In November 2016, Charles Cho was appointed to the position of Treasury General Counsel. Charles first joined the FMT project team in May 2016, and then moved to the General Counsel role on secondment from the law firm King & Wood Mallesons at the end of June. This is a great example of mobility between the private and public sector

Treasury's employees also took opportunities to participate in secondments to other agencies, including with the departments of Premier and Cabinet; Education; Justice; Planning and Environment; Industry; Family and Community Services; and the NSW Ministry of Health.

### **Provision of quality advice**

#### **New relationship management model developed and benchmark established**

Throughout the year Treasury consulted with key partners to develop the new Treasury whole-of-government relationship management model. In October 2016 Treasury conducted a new customer satisfaction survey with our sector partners providing customer satisfaction benchmarking information. Treasury achieved an overall satisfaction rate of 80 per cent.

Implementation commenced on the phased customer relationship model plan. In 2016-17 the first phase was completed – covering role/responsibility definition, consulting, and embedding a continuous feedback loop. The second phase is due for completion in the first quarter of the new 2017-18 financial year. This involves reviewing and revamping internal practices, capability and systems and processes.

We have introduced new language around the concept of working with partners cooperatively and collaboratively to deliver on our vision and made a series of commitments to our partners to work more efficiently and effectively with them.

Full details of our commitments to our stakeholders are outlined in Treasury's Guarantee of Service, available on our website - [www.treasury.nsw.gov.au](http://www.treasury.nsw.gov.au).

#### **Quality advice provided to the sector**

Throughout 2016-17 Treasury continued to provide quality advice and assistance across the sector. In the industrial relations sphere Treasury provided advice and contributed to wages policy management resulting in reducing costs. Treasury also added value through industrial relations input, knowledge and expertise to develop strategies for successful Government transactions and supported NSW public sector agencies on a wide range of industrial relations matters.

Treasury's Centre for Program Evaluation undertook an evaluation of the Sydney CBD Entertainment Precinct Plan of Management at the request of the Department of Premier and Cabinet. This evaluation was undertaken in line with best practice methodologies and was released publicly on Treasury's website on 21 April 2017.

Treasury also collaborated with Aboriginal Affairs to conceptualise, design and cost a \$74 million package of response Stolen Generation survivors; and developed a cross-cluster funding model for the Critical Communication Enhancement Program.

### Intergovernmental advice

NSW Treasury continued to work closely with agencies across the State, and with its State and Territory counterparts, to provide strong and compelling advice on Commonwealth State Agreements. These federally set agreements impact on the policy directions and funding of nearly all areas of community service across NSW.

During 2016-17, for example, Treasury was active in the negotiation on land transport infrastructure, health reform, social and affordable housing, women's safety, the National Disability Insurance Scheme and the National Injury Insurance Scheme. One of the key areas Treasury can contribute to negotiations on these agreements is through supporting the Treasurer in his participation of the Council of Federal Financial Relations.

Treasury also continued to provide advice on the distribution of GST across States and Territories and its impacts on the NSW Budget; and played a lead role in developing the Intergovernmental Agreement on Competition and Productivity – enhancing Reforms, agreed by the Council of Australian Governments in December 2016.

### Thought leadership

NSW Treasury participated in knowledge sharing workshops with Treasuries across Australia. Treasury colleagues also made presentations at various policy and infrastructure events including:

Simone Constant, Deputy Secretary Financial Risk Management and Transformation, participated with Dr Ken Henry, NAB Chairman, in a roundtable discussion focused on enabling the public and the private sector to work together to create better societal outcomes. She then contributed to the report *A New Architecture for Social Good*, part of the NAB Catalyst Insights Series bringing together industry experts and leading thinkers to discuss the issues that are central to securing Australia's future prosperity.

Simone also represented NSW Treasury at a number of other forums in 2016-17 including: the CBA/AFR Round Table where her interview topic was future of payments; and on 21 March 2017 presenting to CBA leaders on 'the Power or Purpose as part of the CBA: Embedding our DNA series – Amazing People.

Michael Gadiel, Director Economic Forecasting and Modelling, made a range of presentations on the 2016 Intergenerational Report, as agencies and the community seek to respond to the economic and fiscal challenges of an ageing population. The groups presented to include the New South Wales Ministerial Advisory Council on Ageing, the Urban Task Force, the NSW Ageing Strategy Interdepartmental Committee, the Procurement Leadership Group, the Public Sector Union Consultative Forum and the Office of Environment and Heritage workshop on the human health and social impact of climate change.

Treasury representatives also made a number of presentations to international representatives and groups including:

- New Zealand Treasury by Simon Goodman, Fiscal and Economic Group
- Korean National Assembly Budget Office – by Kevin Cosgriff, Agency Budget and Policy and Jane Cheung, Fiscal and Economic Group.

Ben Gales, Executive Director in the Economic Strategy Division in FEG, represented Treasury at the Canberra Forum 2017: Government as a Catalyst for Shared Value Innovation. The forum examined the latest thinking on how the public sector can play a vital role in enabling and promoting shared value in private sector partnerships, and the changing role of business and government in solving social problems.

Kim Curtain, Executive Director, Infrastructure and Structured Finance Unit in Commercial Group, represented Treasury at the Western Sydney Aerotropolis Summit presenting on the topic of attracting investors and tenants for commercial development. As an expert in the infrastructure arena, she also presented at the PPP Financing for Major Infrastructure Projects Summit 2017 presenting the NSW update on PPPs and an overview of the future directions for infrastructure.

Finally, Treasury also made presentations to a number of school groups throughout the year. This forum provides an opportunity for our future thought leaders to hear about what NSW Treasury does and an overview of the NSW fiscal and economic outlook.

## OUR PERFORMANCE

### Web-based information and electronic services

#### NSW Treasury website transformation

In 2017 Treasury completed the website redevelopment project transforming and upgrading both the Treasury and the Budget websites. This project included significant consultation and communication with key stakeholders. The new Treasury website was launched in March 2017 with a seamless continuation of information for agencies.

The new website has enhanced functionality, a new menu structure, increased accessibility and refreshed content. It also has an extensive document and resource library including circulars, Budget Papers and media releases, with easy-to-use search options. Our document search can now be refined by type, topic and year or by keyword. We also produced a short Treasury video with an overview of our world class strategy and goals, along an inside glimpse of life inside Treasury.

The launch of our new website is the result of a fantastic cross-Treasury collaborative effort from the original concepts through the consultation and communication. Throughout the transformation process the website continued to enjoy a high volume of traffic.

The Treasury home page received the highest number of hits over this reporting period and has been excluded from the following table owing to its function as a 'landing page'. Publications continued to attract the highest volume of traffic to the site with Treasury Circulars and Policy Papers being the most searched items. This information allows Treasury's groups to focus improvement efforts on high-value information.

#### Top 10 most visited pages on the Treasury website in 2016-17

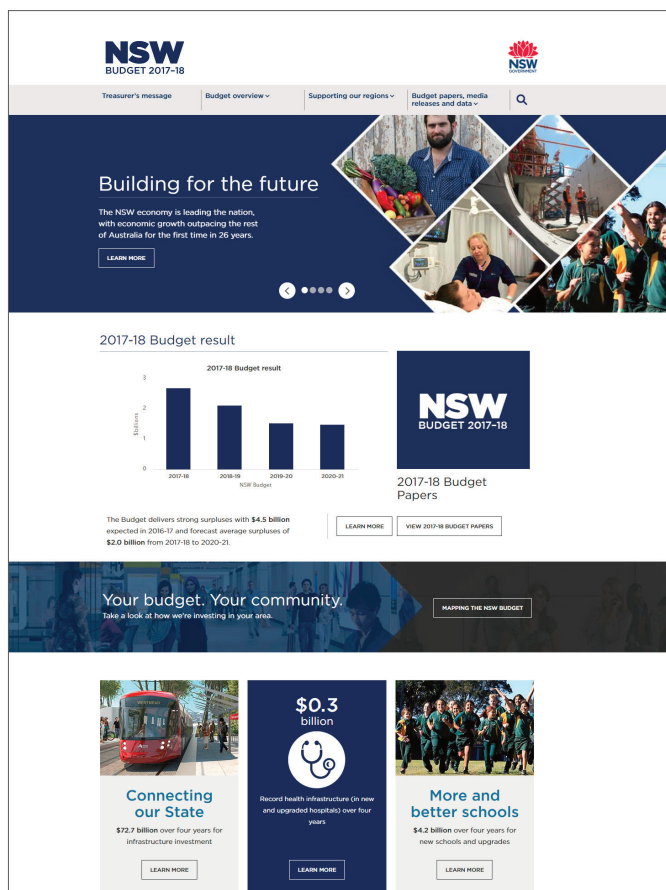
2016-17 ranking	Web page name	Overview of page content
1	Treasury Publications	Periodic reports on state finances including Budget Papers, Half-Yearly Review, Report on State Finances, Annual Reports and General Government Financial Statements
2	Treasury Circulars Index	Index to Treasury Circulars from 2009 to 2017, including those that have been withdrawn
3	Documents library*	New website section that now contains all publications including circulars, policies and annual reports
4	Treasury Circular TC16-10 Public Sector Crown employees salary award 2016*	Circular outlining salaries and salary related allowances in the Crown Employees (Public Sector - Salaries 2017) Award with attached salary rates tables
5	Treasury Policy Papers (TPP) Index	Index to Treasury Policy and Guidelines papers
6	2016 Treasury Circulars Index	Index to Treasury Circulars issued in 2016
7	About Us	Organisation structure, leadership team and key responsibilities
8	Treasurer's News	NSW Treasurer's media releases
9	Treasury Leadership Team	Photographs and biographies of the Treasury executive leadership team
10	Media Releases*	NSW Treasurer media releases

\* Content on the new Treasury website launched in March 2017



The table combines page view results tracked from both the original Treasury website and the new website that launched in March 2017. As a result some of the pages listed in the 'top 10' have ceased to exist with the introduction of the new site - for example the publications, circulars and TPP indexes. These pages are now superseded by the new comprehensive documents library that has search and filter options to make locating documents and publications easier.

The Budget website was also redesigned to help the citizens of NSW to better understand how and where funds are allocated. The 2017-18 NSW Budget Papers are published on the Budget website, [www.budget.nsw.gov.au](http://www.budget.nsw.gov.au)



**Industrial Relations Group**

NSW IR's website has a significant NSW Government online presence, with over 1.4 million visits between July 2016 and June 2017.

The NSW IR website lists industrial relations information and related legislation including public holidays; industry-specific rights and requirements in the building and construction, entertainment, retail, taxi, transport and clothing industries; and conditions of employment for public sector workers in NSW including links to information on the Commonwealth's Fair Work system for private sector employees in the state.

The NSW IR website contains publications, lists all upcoming events such as webinars and seminars covering a comprehensive range of workplace related issues. Many of these events are recorded and posted on the NSW IR website for the general public to download and view. The website also has a section covering frequently asked questions (FAQs), a long service leave calculator and a complaints and enquiries portal, as well as subscription service to 'What's New' which automatically notifies subscribers of all major NSW Industrial Relations website updates. The site also hosts dedicated subsites for young people at work and Indigenous employees and employers.

NSW IR's Twitter account ([www.twitter.com/NSW\\_IR](http://www.twitter.com/NSW_IR)) has 2,532 followers. Twitter is the communication channel announcing and linking followers to NSW IR's latest news and updated publications.

The NSW IR 'Building Industrial Relations Capability' program presents seminars and webinars to improve industrial relations expertise in the NSW public sector. The seminars and webinars are available to NSW public sector employees through GovDex.

As a component of Long Service Corporation's (LSC) marketing and communications strategy, Facebook and YouTube are used to communicate with stakeholders.

LSC provides online services to employers and workers within the Contract Cleaning Industry and Building Construction Industry (BCI). BCI employers can complete all requirements online; workers can access records and update their contact details; and it allows for payment of BCI levies up to \$21,000.

## OUR PERFORMANCE



### GOAL TWO

**Make NSW a world leader in infrastructure delivery and service provision**

#### HOW

Provide high quality advice and procurement support to inform government decision-making – to deliver services and infrastructure valued by the community

#### KEY ACTIONS

1. Develop a clear and compelling Treasury product offering for infrastructure and service delivery
2. Allocate appropriate resources and accountability to projects where Treasury can make a difference

As we move into the second year of Goal Two of our world class Treasury strategy, we have made further progress towards NSW being recognised as a world leader in the delivery of infrastructure and services.

Treasury continued to provide valued advice to the Cabinet Expenditure Review Committee (ERC) on resource allocation decisions for the 2017-18 Budget that supported value for money infrastructure and service provision. In particular Treasury, working with other agencies, has developed and implemented a new capital prioritisation process to enable more informed and more effective decision-making about capital allocation.

### Major infrastructure project and service reform undertakings

Key partner and counsel in the implementation of Sydney Metro and WestConnex

#### Sydney Metro

Treasury partnered with Transport for NSW (TfNSW) from inception of project and was a member of Sydney Metro Assurance Board, tender evaluation panels and review panels.

#### WestConnex

Treasury partnered with Roads and Maritime Services (RMS) in negotiations with Sydney Motorway Corporation (SMC) on the Project Agreements for Stages 1, 2 and 3 of WestConnex, ensuring the projects were bankable while preserving value for money and an appropriate risk allocation for the state on this major motorway project.

Treasury continues to support Roads and Maritime Services in negotiating the Stage 3 Project Agreement.

### Improving quality Government services

#### Successful implementation of Commissioning and Contestability Unit

Treasury's Commissioning and Contestability Unit (CCU) was established in mid-2016 to embed a whole-of-government approach to commissioning, contestability and customer-centricity. The unit partners with service delivery agencies finding ways to improve the delivery of Government services for the people of NSW.

The first achievement was the delivery of the first whole-of-government Commissioning and Contestability Policy, as well as successful partnerships with Transport for NSW, the Department of Family and Community Services (FACS), the NSW Department of Industry and the Department of Justice to deliver respectively:

- Newcastle Transport Services initiative
- first phase of the Social and Affordable Housing Fund (SAHF)
- Smart Skilled and Hired youth employment program
- market testing of the John Morony Correctional Centre
- Parklea Correctional Centre contract extension.

CCU also partnered with the Public Sector Commission to develop a collaboration strategy and launch the Commissioning Community of Practice facilitating cross sector knowledge transfer.

### Sector-wide collaboration

Treasury's work also included working with the Greater Sydney commission to prepare a draft district Plan; and Transport for NSW and Roads and Maritime Services to finalise business cases for Central Station Walk, Western Harbour Tunnel and Beaches Link and M5 Smart Motorways.

Treasury also supported Infrastructure NSW (INSW) to develop a new capital infrastructure prioritisation model; designed the financial model and operation environment principles to support the recontracting of out-of-home-care (OOHC) providers; completed customer service improvement plan (CSiP); and partnered with Department of Education to develop the School Assets' Strategic Plan.

### Housing Affordability Package

Treasury was a key contributor to the comprehensive Housing Affordability Package jointly announced by the Premier, Treasurer and Minister for Planning and Housing on 1 June 2017.

The comprehensive package supports first homebuyers by providing stamp duty concessions on property purchases, removing duty on lenders mortgage insurance, accelerating housing supply through faster and targeted rezonings, and by allocating funding towards infrastructure needed to unlock supply.

Treasury provided modelling and policy analysis through close collaboration with Department of Premier and Cabinet and the Department of Planning and Environment to shape the comprehensive housing package delivered.

### Strengthening our processes and approaches

Treasury has substantially strengthened its overview of evaluation activities across NSW Government. Significant improvements have been made to the process of compiling the Annual Evaluation Schedule for 2017-18, including more detailed consultations with clusters and the request for additional information on program evaluations.

## OUR PERFORMANCE

FMT has also been working closely with clusters to develop their State outcomes and associated key performance indicators to support outcome budgeting, which along with the findings of evaluations and reviews, will inform future resource allocation decisions. These improved processes are in line with the recommendations provided by the Audit Office of New South Wales following a performance audit of the NSW Government's program evaluation initiative that was tabled in Parliament in November 2016.

### Construction monitoring and assessment

The NSW IR Construction Compliance Unit (NSW IR CCU) was established in 2013 to monitor compliance with, and receive reports of alleged breaches, of new Implementation Guidelines underpinning the NSW Code of Practice for Procurement: Building and Construction (the Guidelines).

The Guidelines apply to building and construction companies that bid or tender for NSW Government infrastructure work and were introduced in July 2013 to minimise industrial risks for NSW's major infrastructure programs and to help reduce industrial disruption on projects, thereby maximising value for the citizens of NSW.

During 2016-17, the NSW IR CCU continued to provide ongoing advice, information and educational services to building and construction industry employers; conducting more than 200 site inspections and audits; and assessment of over 100 workplace relations plans.

The NSW IR CCU also closely monitored relevant federal legislative developments and provided advice to government on their potential impact on the NSW construction industry, maintaining strong collaborative partnerships with stakeholders in this regard.

### New Grafton Correctional Centre

The New Grafton Correctional Centre (NGCC) is a fully outsourced public private partnership (PPP) correctional complex that will provide remand, reception and placement functions for 1,700 inmates. It will be the major multifunctional, regional correctional facility servicing northern NSW. The Infrastructure and Structured Finance Unit within Treasury's Commercial Group was the commercial lead on the procurement of the NGCC, which reached financial close on 20 June 2017.

The State's private sector partner, Northern Pathways, will design, build, finance, operate and maintain the NGCC on behalf of the NSW Government for an operating term of 20 years. Northern Pathways is made up of a consortium of private sector investors with significant experience in the delivery of critical infrastructure projects and the operations of correctional facilities.

When completed, the NGCC will increase the State's prison capacity and will be the largest prison in Australia. The NGCC is the one of the first projects within the NSW Government's major reform program 'Better Prisons'. Performance standards for the NGCC project have been developed with the intention of lifting performance, reducing reoffending, and improving the efficiency of the correctional services system. The NGCC facility and programs are designed to prepare inmates for reintegration into the community, reduce recidivism and make communities safer. Operational commencement of the NGCC is expected to be 30 June 2020.





### GOAL THREE

Provide excellence in the delivery of priority projects

#### HOW

Build and implement a best practice project delivery methodology which delivers projects aligned with Government's goals.

#### KEY ACTIONS

1. Develop a prioritisation framework which includes level of involvement, role articulation, risk tolerance and resource allocation
2. Develop a shared project delivery methodology including accountabilities, relationship management with key partners and performance monitoring

Treasury has consistently demonstrated excellence in the planning and delivery of priority projects which will assist the Government in fulfilling its key goals of improving the lives of the people of NSW through investing in infrastructure and service delivery.

### Transactions

#### Electricity network transactions

Treasury successfully delivered the two major transactions for Ausgrid and Endeavour Energy on time, substantially below budget, and in accordance with the highest standards of probity and compliance. This represents an outstanding commercial outcome for the state.

The 'poles and wires' networks project, including Transgrid, delivered \$34 billion of gross proceeds and \$15 billion of net proceeds. This transaction resulted in \$18 billion of debt deconsolidation from the state's balance sheet, providing debt headroom for future investments while protecting its triple-A credit rating.

Treasury also completed the Ausgrid transaction through an unsolicited proposal process within a tight timeframe under re-shaped project governance.

As the lead agency, Treasury designed this innovative shareholder governance framework for managing and maximising the value of the State's 49.6 per cent retained interest in both Ausgrid and Endeavour.

As a result this work has set the benchmark for future transactions in terms of national regulatory stakeholder engagement and project design.

#### Land and Property Information

The Land and Property Information transaction is a 35-year concession completed by Treasury for a total of \$2.6 billion. It involved the titling and registry services of Land and Property Information (LPI).

The transaction included developing and implementing a transaction structure that balanced revenue maximisation with securing integrity and security of the NSW land titling system for the benefit of the people of NSW. The success of the LPI concession has led to both the South Australian and Victorian Governments undertaking similar transactions.

#### Pillar Administration

The sale of Pillar Administration, one of the largest superannuation administration businesses in Australia, to Mercer (Australia) Pty Ltd for \$35 million was announced on 2 December 2016. This sale eliminates a need for ongoing capital injections and secures a 10-year commitment to maintain its operations in the Illawarra.

## Contributing to the productivity and reform agenda

Throughout 2016-17 Treasury continued making significant contributions to the Government's productivity and reform agenda.

### Boxing Day Retail Trading Review

When changes were made to the Retail Trading Act in 2015 it included the requirement that an independent person review the operation of the changes and provide a report. In February, Professor Percy Allan was appointed by the Minister as the independent reviewer and NSW Industrial Relations acted as Secretariat to his Review. This included coordinating and attending consultation sessions with major retailers and peak industry groups, commissioning and analysing independent research to assist the review and supporting Professor Allan during the drafting of the report.

The primary recommendation of the review was to allow shops to continue to trade on Boxing Day provided staff had freely elected to work. In September, a bill delivering this significant policy objective passed through Parliament to permanently give retailers, employees and consumers the freedom to trade, work and shop on Boxing Day.

### Reducing regulatory burden

Jointly with Industrial Relations, Economic Strategy helped to deliver the additional \$800m to the economy, following successful advocacy to remove Boxing Day trading restrictions imposed on businesses. A review following the trial concluded it successful and will retain the trading allowances moving forward.

### Delivery of Social Benefit Bonds

The Office of Social Impact Investment delivered a new Bond this year, the Silver Chain Palliative Care Social Impact Investment, which will provide 8,300 patients who have an advanced, life-limiting and progressive illness with enhanced community-based palliative care services.

The Newpin Bond also successfully delivered positive results for the fourth year in a row, having now helped restore 203 children in care to their families and supported 55 families to prevent their children from entering the out-of-home care system. As a result the Newpin SBB has now delivered a 13.16% pa financial return to investors.

### Prioritising Treasury projects

In April 2017 Treasury Implemented a framework for prioritising projects, based on criteria including alignment with Government priorities, Treasury's strategy, levels of risk and opportunities.

The framework utilises a new tool called a Project Prioritisation Submission (PPS). It is an on-line form with embedded criteria to determine whether a proposed project falls within the Government's mandate and, if not, whether there are significant reasons for the project to be considered as a priority project. PPS provides a holistic view of all projects across Treasury enabling the leadership team to focus on the right things and allocate resources appropriately.

### Eliminating duplication

Advanced the elimination of duplication project, including public consultation process on administrative changes and sector internal consultation on legislative changes for implementation, which is subject to confirmation by the Treasurer.

### Transport Asset Holding Entity

The Transport Asset Holding entity (TAHE) is a single dedicated asset manager for all public transport assets for the state and over time, transport assets will be managed on a portfolio basis, generating greater efficiencies and synergies.

In 2016-17, Treasury's work on TAHE included developing the business operating model and drafting enabling legislation. The legislation, the *Transport Administration Amendment (Transport Entities) Act 2017*, was also passed.

## OUR PERFORMANCE



### GOAL FOUR

Develop a new approach to financial risk and balance sheet management

#### HOW

Build and implement a framework to drive value and manage risk for the state's assets and liabilities.

#### KEY ACTIONS

1. Grow the Asset and Liability Committee's role in managing the state's assets and liabilities.
2. Establish financial risk management framework to prioritise opportunities and manage risk across the sector.

Goal Four came into sharp focus in 2016-17 leveraging the twin platforms of financial management transformation and development of Public Sector financial risk management. This allowed Treasury to maintain a strong fiscal position meeting the needs of the community and ensuring the resilience of the NSW economy to deal with future challenges.

Key achievements in 2017-18 under Goal Four included:

#### **Successful delivery of first phase of financial management transformation, a Budget produced completely in Prime in 2017-18**

The first phase of financial management transformation (FMT) and Prime was successfully delivered on time and within scope, enabling delivery of the 2017-18 Budget.

This 2017-18 Budget achieved positive outcomes across fiscal, economic and social objectives. The Budget was delivered through Prime, a new financial management platform. The implementation of Prime was the result of sector-wide collaboration with impressive enterprise leadership by senior Treasury executives in close concert with senior stakeholders from all other agencies.

We achieved strong sector engagement with 95 per cent of respondents saying they understood the need for change and 91 per cent supportive of the change (ADKAR survey 2017).

Prime system optimisation planning is already underway so the transition to outcomes-based budgeting can continue; the user experience can continue to improve and the system can be leveraged to its full digital and data potential.

Prime will enable the Government to transform the way it plans, monitors and manages its resources and the outcomes they deliver.

#### **Draft Financial Management Transformation legislation**

Treasury co-designed new draft financial management legislation in conjunction with General Counsel and Chief Financial Officers (CFOs) from every cluster as well as sector stakeholder groups, including the Secretaries' Board. The new legislation aims to consolidate a multitude of Acts, some of which are three decades' old. In their place would be a single piece of legislation that captures modern financial practices and supports the Government's move toward outcome-budgeting, commencing from the 2018-19 Budget. Once implemented, the reform will underpin improvement in the effectiveness of total State spending and enable the Government to better leverage the capacity of the balance sheet.



**Establishing the platform for balance sheet optimisation and financial risk management**

A comprehensive whole-of-government Risk Appetite Statement has been developed which puts Government’s priorities, reputation and the triple-A credit rating at the heart of financial risk and balance sheet management for the State.

In 2016-17, the world’s first public sector Asset and Liability Committee (ALCO) was established and is now fully functioning in Treasury to oversee the framework for balance sheet optimisation which is being established. The ALCO is responsible for some of the balance sheet capacity unlocked over this past year.

Treasury has fully established a financial and balance sheet management capability. Treasury will use this capability to work on lengthening of the State’s debt portfolio to capture current balance sheet strength and market opportunities; reallocation of surplus liquidity to higher priority areas; identification of a preferred portfolio position for the State to guide future decision making including identification of further recycling opportunities; and smart financial reinvestment of recycling proceeds. These proceeds may be invested into the NSW Infrastructure Future Fund to grow proceeds before they are deployed to build infrastructure.



**Early benefits of the cash and debt management strategy being realised**

Around \$700 million cash outside of central management will be deployed into the Treasury banking system, increasing debt headroom capacity for government priorities.

Prepared draft legislation for greater cash management flexibility through the Financial Management Transformation legislative reform, which when implemented is expected to deliver at least \$20 million of savings over forward estimates.

In December 2016 Treasury established the NSW Infrastructure Future Fund. For the period to 31 May 2017, the NSW Infrastructure Future Fund returns outperformed returns from the Treasury Banking System by 1.82 per cent. The current NSW Infrastructure Future Fund balance is \$14.8 billion.

In 2016-17 Treasury lengthened the maturity of Crown debt, increasing overall average tenor of the Crown’s \$26 billion debt portfolio and reducing refinancing risk, liquidity requirement and interest expense volatility. This was done while also targeting a lower average yield given the low interest rate environment. As a result Phase 1 gross interest savings are anticipated at \$192 million per annum.

Treasury also reduced market disruption and minimised costs through the early and orderly retirement of \$17 billion of electricity networks’ debt. The resultant losses incurred from retiring the debt were \$18.5 million less than if repaid on transaction close. As an example, Ausgrid saved an estimated \$62 million in interest costs.

## OUR PERFORMANCE

### **Leveraging the commercial banking tender opportunity for improved whole of government outcomes**

In 2016 Treasury established a new approach to the Banking Retender Project. As a result the project was scoped to support the State's financial management transformation agenda across the operating account and the balance sheet.

A component of the project was locking in the existing better-than-market current banking terms by one year, allowing the State to align the banking transformation with the broader financial management transformation and alleviate the pressure of concurrent change on the sector.

Carrying out extensive market engagement has ensured maximum competition at the point of RFI release. As a result the State now has identified fresh opportunities to match industry developments with our transformation agenda including:

- leveraging data insights to deliver better services for the people of NSW
- collaboration regarding identity and security
- new payment platforms
- virtual ledger systems
- digital payments and cards
- cash, liquidity and other treasury management efficiencies
- platforms to support outcomes based budgeting leverage the learnings and information capability of potential banking partners.

### **Leveraging FMT and FRM in conjunction with new role on PSC to influence capability build and collaboration across the NSW Public Sector**

Treasury has produced a demonstrable increase in capability across the NSW Public Sector through FMT engagement at all levels across agencies including 100 face-to-face training sessions, online training of over 800 Prime users and the hands-on experience of hundreds of agency employees who attended drop-in centres throughout the intense Budget period.

### **Wages Policy**

The NSW Public Sector Wages Policy (Wages Policy) is an important aspect of the Government's fiscal management strategy and contributes greatly to the maintenance of the State's triple-A credit rating and improving Budget position.

The Wages Policy provides for increases in remuneration and conditions in the NSW Public Sector of up to 2.5 per cent per annum. Increases greater than 2.5 per cent are available subject to savings in employee-related costs being achieved and approval by the Expenditure Review Committee.

Since its introduction in July 2011 to June 2017, the Wages Policy has avoided costs of \$4,012 million providing additional resources for reinvestment in critical programs and services.

During 2016-17 agreements covering approximately 226,000 full-time equivalent employees were finalised. Of these, increases of 2.5 per cent per annum were provided to all, except for approximately 3,400 who received increases of 2.56 per cent, 3,700 who received increases of 2.53 per cent and 47 FTE who received increases of 2.6 per cent.

### Risk management and insurance activities within Treasury

#### Business continuity management and planning

NSW Treasury's Business Continuity Plan (BCP) framework and accompanying documentation is in place to ensure our readiness in the event of a disruptive incident. During the course of the financial year, all groups' BCPs were reviewed and amended where necessary and business critical documents identified and posted onto the BCP website.

Robust procedures were created to support the BCP tools and resources such as those to support the maintenance and retrieval of NSW Treasury's off-site emergency laptops. Two simulated exercises were successfully conducted by the BCP facilitators, the Treasury Information Technology team and Department of Finance, Services and Innovation workforce services staff to test the readiness and retrieval methodology of the BCP laptops.

In addition, staff who are members of the BCP teams that have been established to assist NSW Treasury assess damage and restore its business functions as quickly and effectively as possible, received refresher training in their BCP responsibilities.

#### Compliance

NSW Treasury is committed to complying with relevant laws, regulations, Treasurer's Directions, Treasurer Circulars and Memorandums, government policies, industry codes and organisational standards (Compliance Obligations). NSW Treasury recognises that the compliance landscape is constantly evolving, and rising community expectations hold us to higher standards of conduct and operational effectiveness. In-line with these expectations, and consistent with our value of delivering excellence in service, NSW Treasury's Compliance Management Framework (Framework) was developed during the financial year in accordance with AS ISO 19600:2015 Compliance management systems - Guidelines.

As part of our ongoing commitment to accountability and transparency, NSW Treasury incorporates annual compliance attestations from its extended leadership team and heads of all relevant business units as part of its Compliance Assurance / Monitoring program. Two compliance

exercises were run across NSW Treasury during the reporting year using the workflow functionality associated with the Compliance, Risk and Assurance Management system - Protecht.ERM.

Online eLearning modules on procurement and on higher risk corporate policies were developed and implemented as part of the NSW Treasury eLearning compliance program. These modules assist NSW Treasury staff understand their responsibilities in association with key corporate and NSW Government policy requirements.

#### Risk assessment

During the reporting year, NSW Treasury presented to new starters and existing employees its new Risk Management Framework. Risk and control self-assessment (RCSA) workshops were conducted with Leadership Team members, Executive Directors, Directors and functional heads. Similar workshops were conducted with team members for major projects' such as with the Financial Management Transformation project's and the Banking Tender project's work stream leads.

Online eLearning module's for Fraud and Corruption Control and Risk Management were developed during the year based on NSW Treasury' internal policies. These were incorporated into the suite of eLearning modules delivered to new starters. These modules also form part of the NSW Treasury refresher compliance learning program.

The NSW Treasury Risk Management Framework was further developed to establish Risk Event, Cause, Impact and Control Libraries. The intent of these libraries is to enable continuous improvement and the maturing of NSW Treasury's risk management culture by introducing a means to develop a more consistent use of risk language and assessment of risk across NSW Treasury.

#### Insurance

Treasury's insurance premiums for 2016-17 totalled \$232,100. NSW Treasury's effective management of risk resulted in retrospective adjustments to our premiums paid in previous years totalling \$77,935. Consequently, in total, Treasury's actual insurance costs decreased in 2016-17 to \$154,165.

# GOVERNANCE

## Internal Audit and Risk Management Attestation Statement

for the 2016-2017 Financial Year for NSW Treasury


I, Michael Pratt, am of the opinion that the NSW Treasury has internal audit and risk management processes in operation that are compliant with the eight core requirements set out in the Internal Audit and Risk Management Policy for the NSW Public Sector, specifically:


Core Requirements		For each requirement please specify whether compliant, non-compliant, or in transition
<b>Risk Management Framework</b>		
1.1	The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2	A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant
<b>Internal Audit Function</b>		
2.1	An internal audit function has been established and maintained	Compliant
2.2	The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3	The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
<b>Audit and Risk Committee</b>		
3.1	An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
3.2	The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3	The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

### Membership

The chair and members of the Audit and Risk Committee are:

- Independent Chair, Peter Lucas, appointed April 2012, term expired in April 2017.
- Independent Chair, Victoria Weekes, appointed April 2017, first term expires April 2020.
- Independent Member, Jon Tyers, appointed August 2012, first term August 2012 to October 2015, second term extended from November 2015 to October 2018.
- Independent Member, Garry Dinnie, appointed June 2013, first term June 2013 to June 2017, second term extended from July 2017 to December 2017.
- Independent Member, Patricia Azarias, appointed November 2015, first term expires November 2018.

  
 Michael Pratt, Secretary  
 Date: 22.9.17

  
 Virginia Tinson  
 Director of Risk  
 Telephone: 02 9228 3783

  
 Alan Pasfield  
 F/Chief Audit Executive  
 Telephone: 02 9228 5295

## Digital Information Security Policy Annual Attestation Statement for the 2016-2017 Financial Year for NSW Treasury

I, Michael Pratt, am of the opinion that The Treasury had an Information Security Management System (ISMS) in place during the 2016-2017 financial year that is consistent with the Core Requirements set out in the NSW Government Digital Information Security Policy.

The controls in place to mitigate identified risks to the digital information and digital information systems of NSW Treasury are adequate.

Risks to the digital information and digital information systems of The Treasury have been independently assessed against an ISMS developed in accordance with the NSW Government Digital Information Security Policy.



Michael Pratt  
Secretary, NSW Treasury

1.9.17

# FINANCIAL STATEMENTS

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## INDEPENDENT AUDITOR'S REPORT

### The Treasury

To Members of the New South Wales Parliament

### Opinion

I have audited the accompanying financial statements of The Treasury (the Department), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity, statement of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion the financial statements:

- give a true and fair view of the financial position of the Department as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the '*Auditor's Responsibilities for the Audit of the Financial Statements*' section of my report.

I am independent of the Department in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

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

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

In preparing the financial statements, the Secretary must assess the Department's ability to continue as a going concern except where the Department's operations will cease as a result of an administrative restructure. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

## **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

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



Margaret Crawford  
Auditor-General of NSW

27 September  
SYDNEY



## The Treasury

### Statement by the Department Head

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 2017 have been prepared in accordance with applicable Australian Accounting Standards, the requirements of the *Public Finance and Audit Act 1983*, applicable clauses of the *Public Finance and Audit Regulation 2015*, the requirements of the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities and the Treasurer's Directions;
- (b) the financial statements exhibit a true and fair view of the financial position of The Treasury as at 30 June 2017 and the financial performance for the year then ended, and
- (c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



**Michael Pratt**  
Secretary,

**18 September 2017**

## The Treasury

### Statement of comprehensive income for the year ended 30 June 2017

	Notes	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000
<b>Expenses excluding losses</b>				
Operating expenses				
Employee related	2(a)	84,060	88,083	78,905
Other operating expenses	2(b)	37,814	37,776	35,335
Depreciation and amortisation	2(c)	4,420	6,331	3,303
Grants and subsidies	2(d)	3,171	169	192
Finance costs	2(e)	100	72	292
<b>Total expenses excluding losses</b>		<b>129,565</b>	<b>132,431</b>	<b>118,027</b>
<b>Revenue</b>				
Appropriation	3(a)	128,873	144,191	110,318
Sale of goods and services	3(b)	11,288	18,189	10,869
Personnel services revenue	3(c)	4,423	-	12,132
Acceptance by the Crown Entity of employee benefits and other liabilities	3(d)	1,417	1,882	3,697
Other revenue	3(e)	950	-	202
<b>Total Revenue</b>		<b>146,951</b>	<b>164,262</b>	<b>137,218</b>
<b>Gain / (loss) on disposal</b>	4	<b>(2)</b>	-	<b>(6)</b>
<b>Net result</b>	18	<b>17,384</b>	<b>31,831</b>	<b>19,185</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to net result</i>				
Superannuation actuarial gains / (losses) on defined benefit plans	14	2,522	-	(4,151)
Superannuation actual return on fund assets less interest income	14	1,288	-	16
<b>Total other comprehensive income</b>		<b>3,810</b>	-	<b>(4,135)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>21,194</b>	<b>31,831</b>	<b>15,050</b>

The accompanying notes form part of these financial statements.

## The Treasury

### Statement of financial position as at 30 June 2017

	Notes	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	6	11,865	3,248	14,152
Receivables	7	8,647	7,539	7,791
<b>Total Current Assets</b>		<b>20,512</b>	<b>10,787</b>	<b>21,943</b>
<b>Non-Current Assets</b>				
Receivables	7	7,008	6,657	10,632
Plant and equipment	8	16,377	16,199	18,665
Intangible assets	9	43,830	55,560	22,069
<b>Total non-Current Assets</b>		<b>67,215</b>	<b>78,416</b>	<b>51,366</b>
<b>Total Assets</b>		<b>87,727</b>	<b>89,203</b>	<b>73,309</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	11	13,505	5,396	13,213
Provisions	12	11,762	10,900	14,610
Other	13	1,383	1,383	1,383
<b>Total current Liabilities</b>		<b>26,650</b>	<b>17,679</b>	<b>29,206</b>
<b>Non-Current Liabilities</b>				
Payables	11	3,774	-	3,060
Provisions	12	9,816	9,575	13,369
Other	13	10,021	13,794	11,402
<b>Total non-Current Liabilities</b>		<b>23,611</b>	<b>23,369</b>	<b>27,831</b>
<b>Total Liabilities</b>		<b>50,261</b>	<b>41,048</b>	<b>57,037</b>
<b>Net Assets</b>		<b>37,466</b>	<b>48,155</b>	<b>16,272</b>
<b>EQUITY</b>				
Accumulated funds		37,466	48,155	16,272
<b>Total Equity</b>		<b>37,466</b>	<b>48,155</b>	<b>16,272</b>

The accompanying notes form part of these financial statements.

## The Treasury

### Statement of changes in equity for the year ended 30 June 2017

	Notes	Accumulated Funds \$'000
<b>Balance at 1 July 2016</b>		<b>16,272</b>
<b>Net result for the year</b>		<b>17,384</b>
<b>Other comprehensive income</b>		
Superannuation actuarial gains / (losses) on defined benefit plans	14	2,522
Superannuation actual return on fund assets less interest income	14	1,288
<b>Total other comprehensive income</b>		<b>3,810</b>
<b>Total comprehensive income for the year</b>		<b>21,194</b>
<b>Balance at 30 June 2017</b>		<b>37,466</b>
<b>Balance at 1 July 2015</b>		<b>1,222</b>
<b>Net result for the year</b>		<b>19,185</b>
<b>Other comprehensive income</b>		
Superannuation actuarial gains / (losses) on defined benefit plans	14	(4,151)
Superannuation actual return on fund assets less interest income	14	16
<b>Total other comprehensive income</b>		<b>(4,135)</b>
<b>Total comprehensive income for the year</b>		<b>15,050</b>
<b>Balance at 30 June 2016</b>		<b>16,272</b>

The accompanying notes form part of these financial statements.

## The Treasury

### Statement of cash flows for the year ended 30 June 2017

	Notes	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Payments</b>				
Employee related		(77,419)	(89,754)	(67,580)
Grants and subsidies		(3,171)	(169)	(192)
Other		(38,070)	(42,419)	(28,338)
<b>Total Payments</b>		<b>(118,660)</b>	<b>(132,342)</b>	<b>(96,110)</b>
<b>Receipts</b>				
Recurrent appropriation		105,267	107,656	93,194
Capital appropriation (excluding equity appropriations)		22,775	36,535	17,955
Sale of goods and services		9,843	17,981	11,091
Interest received		-	-	312
Grants and contributions		-	-	-
Other		2,094	4,191	(750)
<b>Total Receipts</b>		<b>139,979</b>	<b>166,363</b>	<b>121,802</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	18	<b>21,319</b>	<b>34,021</b>	<b>25,692</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of plant and equipment		-	-	-
Purchases of plant and equipment		(164)	(555)	(396)
Purchases of Intangibles		(23,442)	(35,980)	(16,734)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(23,606)</b>	<b>(36,535)</b>	<b>(17,130)</b>
<b>NET INCREASE / (DECREASE) IN CASH</b>		<b>(2,287)</b>	<b>(2,514)</b>	<b>8,562</b>
Opening cash and cash equivalents		14,152	5,762	5,590
Cash transferred in / (out) as a result of administrative restructuring		-	-	-
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	6	<b>11,865</b>	<b>3,248</b>	<b>14,152</b>

The accompanying notes form part of these financial statements.

## 1. Summary of Significant Accounting Policies

### (a) Reporting entity

The Treasury is a NSW government entity and is controlled by the State of New South Wales, which is the ultimate parent. The Entity is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

The Treasury serves the Treasurer and the Government by providing economic, budgetary and financial advice, and by administering employment rights and conditions. It includes effective management, and accounting for the State's finances, providing timely and relevant information on the overall State finances and providing strategic advice on industrial relations matters. NSW Industrial Relations' primary responsibilities are to monitor wages, employment rights, obligations and employment conditions in NSW. Long Service Corporation (LSCorp) administers long service payments to building and construction workers and cleaners.

These financial statements for the year ended 30 June 2017 have been authorised for issue by the Secretary on 18 September 2017.

### (b) Basis of preparation

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

- applicable Australian Accounting Standards(AAS) (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Plant and equipment are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention.

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

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

### (c) Statement of compliance

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

### (d) Administered activities

The Treasury administers, but does not control, certain activities on behalf of the Crown Entity. It is accountable for the transactions relating to those administered activities but does not have the discretion to deploy the resources for the achievement of The Treasury's own objectives.

Transactions and balances relating to the administered activities are not recognised as The Treasury's assets and liabilities, but are disclosed in Note 20.

The accrual basis of accounting and applicable accounting standards has been adopted.

### (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.

## 1. Summary of Significant Accounting Policies (continued)

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

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

- amount of GST incurred by The Treasury as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing activities and financing activities which are 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 recognised as income when The Treasury obtains control over the assets comprising the appropriations / contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

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

If a liability is incurred, it is disclosed as part of '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 goods usually on delivery of the goods.

#### (iii) Rendering of services (including personnel services)

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred at the reporting date).

#### (iv) Grants

Income from grants (other than contribution by owners) is recognised when the entity obtains control over the contribution. The entity is deemed to have assumed control when the grant is received or receivable.

Contributions are recognised at their fair value. Contributions of services are recognised when and only when a fair value of those services can be reliably determined and the services would be purchased if not donated.

#### (v) Investment revenue

Interest income is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms.

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Dividend revenue is recognised when the entity's right to receive payment has been established.

## 1. Summary of Significant Accounting Policies (continued)

### (h) Property, plant and equipment

#### (i) Acquisition of property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other AAS.

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

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

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

#### (ii) Capitalisation thresholds

Intangibles (software), plant and equipment (excluding leasehold improvements), costing at least \$5,000 individually are capitalised. Leasehold improvements costing at least \$20,000 are capitalised. However, grouped assets with inter-related functions such as the computer network are generally capitalised regardless of cost.

#### (iii) Major inspection costs

When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

#### (iv) Restoration costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

#### (v) Maintenance

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

#### (vi) Depreciation of plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to allocate 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 useful lives. The useful lives of each category of depreciable assets are:

Computer Hardware	4 years
Office Equipment	7 years
Office Furniture	10 years
Leasehold Improvements	up to 20 years depending on the term of leasing arrangements

#### (vii) 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 14-01). This policy adopts fair value in accordance with AASB 13 Fair Value Measurement, AASB 116 and AASB 140 Investment Property.

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



## 1. Summary of Significant Accounting Policies (continued)

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 10 for further information regarding fair value.

The majority of The Treasury's assets are non-specialised with short useful lives and are therefore measured at depreciated historical cost, as an approximation of fair value. The entity has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

### (viii) Impairment of plant and equipment

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

The entity assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the entity estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

### (i) Leases

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

Lease income from operating leases where the entity is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included by the lessor entity in the Statement of Financial Position based on their nature.

### (j) 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 and impaired losses.

The Treasury's intangible assets are amortised using the straight line method over a period ranging from 2 to 15 years depending upon the nature of the application.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

## 1. Summary of Significant Accounting Policies (continued)

### (k) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in net result.

The entity determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

#### (i) Financial Assets – 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. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. Non-current assets are not expected to be collected within 12 months.

Any reversals of impairment losses are reversed through the net result for the year, 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.

#### (ii) Financial Liabilities

##### • Payables

These amounts represent liabilities for goods and services provided to The Treasury and other amounts. Payables are recognised initially at fair 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.

#### (iii) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if The 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. In that case, the entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the entity could be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

## 1. Summary of Significant Accounting Policies (continued)

### (l) Employee benefits

#### (a) Personnel services arrangements

The Treasury provides personnel services through arrangement to LSCorp. Costs associated with staff employed to exercise the functions of LSCorp are recovered by way of personnel services revenue.

#### (b) Salaries and wages, annual leave and sick leave

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

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits (although short-cut methods are permitted).

Actuarial advice obtained by Treasury has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The entity has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave. All annual leave is classified as a current liability even where the entity does not expect to settle the liability within 12 months as the entity does not have an unconditional right to defer settlement.

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.

#### (c) Long service leave (LSL) and superannuation

With the exception of staff employed to exercise the functions of LSCorp, LSL 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 the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth government bond rate at the reporting date.

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.

Liabilities for LSL and defined benefit superannuation of staff who are employed to exercise the functions of LSCorp are not assumed by the Crown Entity.

The cost of long service employee entitlements is met by the payment of a contribution based on salaries and wages to the "Agency Funded Crown LSL Pool agencies" and leave taken is reimbursed from the Pool.

As per Accounting Standard AASB 119 for defined benefit superannuation schemes, expenses are recognised based on the current service costs and net interest and expected return on fund assets are recognised as other comprehensive income for the reporting period as calculated and advised by Pillar Administration. In accordance with NSW Treasury Circular TC14/05 Accounting for Superannuation, the entity recognises actuarial gains and losses for defined benefit superannuation schemes outside of the net result in the 'other comprehensive income' in the year in which they occur.

A net liability or asset is recognised based on the difference between the present value of the entity's defined benefit obligations and the fair value of fund assets as at the reporting date, as adjusted for unrecognised past service costs, unrecognised gains/losses, and limitations on the net assets. The net liability or asset is actuarially determined.

## 1. Summary of Significant Accounting Policies (continued)

For defined contribution superannuation schemes, employer contributions are expensed when incurred. A liability is recognised only to the extent of unpaid employer contributions at reporting date.

### (d) Consequential on-costs

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

### (m) Provisions

Provisions are recognised 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. When the entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

### (n) Equity and Reserves

#### (i) Accumulated Funds

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

#### (ii) Equity Transfers

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

Transfers arising from an administrative restructure involving not-for profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the entity recognises the asset at the transferor's carrying amount.

### (o) Trust funds

The Treasury receives monies in a trustee capacity for various trusts as set out in Note 19. 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 entity's own objectives, these funds are not recognised in the financial statements.

### (p) Fair value measurement and hierarchy

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

- Level 1 - quoted prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

Refer Note 10 and Note 21 for further disclosures regarding fair value measurements of financial and non-financial assets.

## 1. Summary of Significant Accounting Policies (continued)

### (q) *Budgeted amounts*

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfers of functions between entities as a result of Administrative Arrangement Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed on the primary financial statements is explained in Note 17.

### (r) *Comparative information*

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

### (s) *New standards and interpretations issued but not yet effective*

The following new standards and interpretations have recently been issued or amended but are not yet effective for the annual reporting period ended 30 June 2017.

AASB 9 Financial Instruments (2014) (Operative from 1 January 2018)

AASB 15 Revenue from Contracts with Customers (Operative from 1 January 2018)

AASB 16 Leases (Operative from 1 July 2019)

AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 (Operative from 1 July 2018)

AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) (Operative from 1 July 2018)

AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Operative from 1 January 2018)

AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15 (Operative from 1 July 2018)

AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Sharebased Payment Transactions (Operative from 1 January 2018)

AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts (Operative from 1 January 2018)

AASB 1058 Income of Not-for-Profit Entities (Operative from January 2019)

AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for Profit Entities (Operative from January 2019)

It is considered impracticable to presently determine the impact of adopting those new standards and interpretations issued or amended but not yet effective.

In compliance with NSW Treasury mandates per Treasury Circular NSW TC16/02, the Treasury has not adopted any new accounting standards, amendments and interpretations.

### (t) *New, revised or amending standards and interpretations*

The Treasury has adopted all of the new, revised or amending Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant and effective for the current reporting year.

Any significant impacts on the accounting policies of The Treasury from the adoption of these accounting standards and interpretations are disclosed in the relevant accounting policy and notes.

Notes to the Financial Statements  
30 June 2017

2. Expenses Excluding Losses

	2017 \$'000	2016 \$'000
<b>(a) Employee related expenses</b>		
Salaries and wages (including annual leave)	73,289	65,820
Superannuation - defined benefit plans	1,138	1,324
Superannuation - defined contribution plans	4,290	4,256
Long service leave	685	3,450
Workers compensation insurance	105	112
Payroll tax and fringe benefits tax	4,553	3,943
	<b>84,060</b>	<b>78,905</b>

No employee related expenses have been capitalised in Intangibles and therefore excluded from the above (2016: \$Nil). Except as noted, there are no other employee related payments included in asset and expenditure accounts.

**(b) Other operating expenses include the following:**

Auditor's remuneration

Audit of the financial statements	125	97
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Operating lease rental expense

Minimum lease payments	8,001	7,886
Contractors	7,466	8,359
Centralised corporate support charges	4,203	4,396
Consultants	4,642	6,385
Training	1,491	1,536
Information management	5,597	1,446
Building management maintenance and utilities	866	553
Staff recruitment	1,387	1,539
Computer maintenance and software licences	468	373
Internal audit fees	329	384
Maintenance <sup>(i)</sup>	250	249
Printing and advertising	1,714	410
Travel	286	314
Minor plant, equipment and stores	163	218
Management Fee - Port Lessor	-	(112)
Board remuneration	75	63
Insurance	58	47
Event management	196	159
Postal charges	85	95
Legal fees	84	323
Other	328	615
	<b>37,814</b>	<b>35,335</b>

Reconciliation - Total maintenance

(i) Maintenance expense - contracted labour and other (non-employee related), as above

	250	249
Total maintenance expenses included in Note 2(a) and 2(b)	<b>250</b>	<b>249</b>

Notes to the Financial Statements  
30 June 2017

2. Expenses Excluding Losses (continued)

	2017 \$'000	2016 \$'000
<b>(c) Depreciation and amortisation expense</b>		
Depreciation (Note 8)		
Computer hardware	1,082	1,039
Office furniture	29	14
Leasehold improvements	1,738	1,737
	<u>2,849</u>	<u>2,790</u>
Amortisation of software intangibles (Note 9)	1,571	513
Total depreciation and amortisation	<u>4,420</u>	<u>3,303</u>
<b>(d) Grants and subsidies</b>		
Grants & subsidies	3,171	192
<b>(e) Finance costs</b>		
Unwinding of discount rate	100	292

## The Treasury

Notes to the Financial Statements  
30 June 2017

### 3. Revenues

#### (a) Appropriations and Transfers to the Crown Entity

Summary of Compliance	2017		2016	
	(\$'000)		(\$'000)	
	Appropriation	Expenditure	Appropriation	Expenditure
<b>Original Budget Appropriation/Expenditure</b>				
* Appropriation Act	144,191	128,873	152,499	110,318
<b>Other Appropriation/Expenditure</b>				
* s 24 Public Finance and Audit Act 1983 - transfers of functions between entities	-	-	-	-
* s 32 Appropriation Act - transfers from another agency	-	-	-	-
* Other Appropriation	-	-	-	-
* Treasurers Advance	-	-	-	-
<b>Total Appropriations/Expenditure/ Net Claim on Consolidated Fund (includes transfer payments)</b>	<b>144,191</b>	<b>128,873</b>	<b>152,499</b>	<b>110,318</b>
<b>Appropriation drawn down</b>		128,873		111,149
<b>Liability to Consolidated Fund</b>		-		831
<b>Appropriations:</b>				
Recurrent appropriations		105,267		93,194
Capital appropriations		23,606		17,124
		128,873		110,318
			<b>2017</b>	<b>2016</b>
			<b>(\$'000)</b>	<b>(\$'000)</b>
<b>(b) Sale of goods and services</b>				
<b>Rendering of services</b>				
Recoupment of costs <sup>(i)</sup>		11,286		10,869
Other		2		-
		<b>11,288</b>		<b>10,869</b>
<b>(c) Personnel services revenue</b>				
Recoupment of Long Service Corporation staff costs		<b>4,423</b>		<b>12,132</b>
<b>(d) Acceptance by the Crown Entity of employee benefits and other liabilities</b>				
The following liabilities and/or expenses have been assumed by the Crown Entity:				
Long service leave		888		2,911
Superannuation - defined benefit		504		749
Payroll tax		25		37
		<b>1,417</b>		
<b>(e) Other revenue</b>				
Other		<b>950</b>		<b>202</b>

(i) Relates to the recoupment of administrative costs composed mainly of salaries and accommodation relating to the Crown Entity.



## The Treasury

Notes to the Financial Statements  
30 June 2017

### 4. Gain / (loss) on Disposal

	2017 \$'000	2016 \$'000
Gain / (loss) on disposal of plant and equipment		
Written down value of assets disposed	(2)	(6)
<b>Net gain / (loss) on disposal of plant and equipment</b>	<b>(2)</b>	<b>(6)</b>
<b>Total net gain / (loss) on disposal of non-current assets</b>	<b>(2)</b>	<b>(6)</b>

### 5. Service Groups of the Treasury

**Service Group**

**Purpose:**

**State Resource Management**

Ensuring state finances support the delivery and long run affordability of services. Implementing policy settings including a robust industrial relations environment that promote a competitive state economy.

### 6. Current Assets – Cash and Cash Equivalents

	2017 \$'000	2016 \$'000
Cash at bank	11,865	14,152
	<b>11,865</b>	<b>14,152</b>

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows.

Cash and cash equivalents (per statement of financial position)	11,865	14,152
Closing cash and cash equivalents (per statement of cash flows)	<b>11,865</b>	<b>14,152</b>

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

Notes to the Financial Statements  
30 June 2017

## 7. Current / Non-Current – Receivables

	2017 \$'000	2016 \$'000
<b>Current</b>		
Personnel services recoverable from LSCorp	3,921	3,246
Sale of goods and services	864	57
Prepayments	1,282	1,111
GST	1,597	1,266
Other	983	2,111
<b>Total</b>	<b>8,647</b>	<b>7,791</b>
<b>Non-Current</b>		
Personnel services recoverable from LSCorp	7,008	10,632
<b>Total</b>	<b>7,008</b>	<b>10,632</b>
<b>Total Receivables</b>	<b>15,655</b>	<b>18,423</b>

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

## 8. Non-Current Assets – Plant and Equipment

	Plant and Equipment \$'000	Leasehold improvements \$'000	Total \$'000
<b>At 1 July 2016 - fair value</b>			
Gross carrying amount	4,733	19,144	23,877
Accumulated depreciation and impairment	(2,132)	(3,080)	(5,212)
<b>Net carrying amount</b>	<b>2,601</b>	<b>16,064</b>	<b>18,665</b>
<b>At 30 June 2017 - fair value</b>			
Gross carrying amount	4,859	19,548	24,407
Accumulated depreciation and impairment	(3,212)	(4,818)	(8,030)
<b>Net carrying amount</b>	<b>1,647</b>	<b>14,730</b>	<b>16,377</b>

**Reconciliation**

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

	Plant and Equipment \$'000	Leasehold improvements \$'000	Total \$'000
<b>Year ended 30 June 2017</b>			
<b>Net carrying amount at start of year</b>	<b>2,601</b>	<b>16,064</b>	<b>18,665</b>
Additions	159	404	563
Disposals	(33)	-	(33)
Depreciation expense	(1,111)	(1,738)	(2,849)
Other movements:			
Write back on disposal	31	-	31
<b>Net carrying amount at end of year</b>	<b>1,647</b>	<b>14,730</b>	<b>16,377</b>

## The Treasury

Notes to the Financial Statements  
30 June 2017

### 8. Non-Current Assets – Plant and Equipment (continued)

	Plant and Equipment \$'000	Leasehold improvements \$'000	Total \$'000
<b>At 1 July 2015 - fair value</b>			
Gross carrying amount	4,395	19,139	23,534
Accumulated depreciation and impairment	(1,126)	(1,343)	(2,469)
<b>Net carrying amount</b>	<b>3,269</b>	<b>17,796</b>	<b>21,065</b>
<b>At 30 June 2016 - fair value</b>			
Gross carrying amount	4,733	19,144	23,877
Accumulated depreciation and impairment	(2,132)	(3,080)	(5,212)
<b>Net carrying amount</b>	<b>2,601</b>	<b>16,064</b>	<b>18,665</b>

#### Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the prior reporting period is set out below:

	Plant and Equipment \$'000	Leasehold improvements \$'000	Total \$'000
<b>Year ended 30 June 2016</b>			
<b>Net carrying amount at start of year</b>	<b>3,269</b>	<b>17,796</b>	<b>21,065</b>
Additions	391	5	396
Disposals	(53)	-	(53)
Depreciation expense	(1,053)	(1,737)	(2,790)
Other movements:			
Write back on disposal	47	-	47
<b>Net carrying amount at end of year</b>	<b>2,601</b>	<b>16,064</b>	<b>18,665</b>

### 9. Intangible Assets

	Software \$'000	Capital Works in Progress \$'000	Total \$'000
<b>At 1 July 2016 - fair value</b>			
Gross carrying amount	3,825	20,392	24,217
Accumulated amortisation and impairment	(2,148)	-	(2,148)
<b>Net carrying amount</b>	<b>1,677</b>	<b>20,392</b>	<b>22,069</b>
<b>At 30 June 2017 - fair value</b>			
Gross carrying amount	42,373	5,176	47,549
Accumulated amortisation and impairment	(3,719)	-	(3,719)
<b>Net carrying amount</b>	<b>38,654</b>	<b>5,176</b>	<b>43,830</b>

Notes to the Financial Statements  
30 June 2017

9. Intangible Assets (continued)

Reconciliation

A reconciliation of the carrying amount of each class of intangible assets at the beginning and end of the current reporting period is set out below:

	Software \$'000	Capital Works in Progress \$'000	Total \$'000
<b>Year ended 30 June 2017</b>			
<b>Net carrying amount at start of year</b>	1,677	20,392	22,069
Additions		23,332	23,332
Transfer	38,548	(38,548)	-
Amortisation	(1,571)	-	(1,571)
<b>Net carrying amount at end of year</b>	<b>38,654</b>	<b>5,176</b>	<b>43,830</b>

	Software \$'000	Capital Works in Progress \$'000	Total \$'000
<b>At 1 July 2015 - fair value</b>			
Gross carrying amount	2,916	4,568	7,484
Accumulated amortisation and impairment	(1,636)	-	(1,636)
<b>Net carrying amount</b>	<b>1,280</b>	<b>4,568</b>	<b>5,848</b>
<b>At 30 June 2016 - fair value</b>			
Gross carrying amount	3,825	20,392	24,217
Accumulated amortisation and impairment	(2,148)	-	(2,148)
<b>Net carrying amount</b>	<b>1,677</b>	<b>20,392</b>	<b>22,069</b>

Reconciliation

A reconciliation of the carrying amount of each class of intangible assets at the beginning and end of the prior reporting period is set out below:

	Software \$'000	Capital Works in Progress \$'000	Total \$'000
<b>Year ended 30 June 2016</b>			
<b>Net carrying amount at start of year</b>	1,280	4,568	5,848
Additions	360	16,374	16,734
Disposals	-	-	-
Transfer	550	(550)	-
Amortisation	(513)	-	(513)
<b>Net carrying amount at end of year</b>	<b>1,677</b>	<b>20,392</b>	<b>22,069</b>

10. Fair Value Measurement of Non-Financial Assets

Valuation techniques, inputs and processes

All of The Treasury's Plant and Equipment assets are measured at historical cost less accumulated depreciation as a surrogate for fair value because the assets are non-specialised assets with short useful lives and any difference between fair value and depreciated historical cost is unlikely to be material.

The fair value measurement bases for these assets are all categorised as Level 2 as the valuation is based on the observable inputs i.e. transaction price at the date of acquisition.

## The Treasury

### Notes to the Financial Statements 30 June 2017

#### 11. Current / Non-Current Liabilities – Payables

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Accrued salaries, wages and on-costs	1,279	734
Creditors	12,226	11,648
Liability to Confund	-	831
	<u><b>13,505</b></u>	<u><b>13,213</b></u>
<b>Non-current</b>		
Payable	<u><b>3,774</b></u>	<u><b>3,060</b></u>

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

## The Treasury

Notes to the Financial Statements  
30 June 2017

### 12. Current / Non-Current Liabilities – Provisions

	2017 \$'000	2016 \$'000
<b>Current</b>		
<b>Employee benefits and related on-costs</b>		
Recreation leave	6,426	5,823
Long Service Leave not assumed by the Crown	2,096	2,038
Provision for On-costs on employee benefits	3,087	3,312
Provision for Fringe benefits tax	7	15
Provision for Redundancies	146	3,422
<b>Total Current</b>	<b>11,762</b>	<b>14,610</b>
<b>Non-current</b>		
<b>Employee benefits and related on-costs</b>		
Long Service Leave not assumed by the Crown	32	44
Provision for Payroll tax on Long Service Leave Liability	59	71
Provision for On-costs on Long Service Leave Liability	104	128
	<b>195</b>	<b>243</b>
<b>Superannuation</b>	<b>6,969</b>	<b>10,578</b>
<b>Other</b>		
Restoration costs	2,652	2,548
<b>Total Non-current</b>	<b>9,816</b>	<b>13,369</b>
<b>Aggregate employee benefits and related on-costs</b>		
Provisions-current	11,762	14,610
Provisions-non-current	7,164	10,821
Accrued salaries, wages and on-costs (Note 11)	1,279	734
	<b>20,205</b>	<b>26,165</b>

Other Provisions includes Restoration costs expected to be paid in 2025 at the expiration of the lease currently occupied by The Treasury.

#### Movements in provisions (other than employee benefits)

<b>Restoration costs</b>		
Carrying amount at the beginning of financial year	2,548	2,257
Additional provision recognised	104	291
Unused amounts reversed	-	-
Unwinding / change in the discount rate	-	-
Carrying amount at end of financial year	<b>2,652</b>	<b>2,548</b>

### 13. Current / Non-Current Liabilities – Other

	2017 \$'000	2016 \$'000
<b>Current</b>		
Lease incentive	<b>1,383</b>	<b>1,383</b>
<b>Non-current</b>		
Lease incentive	<b>10,021</b>	<b>11,402</b>

Current and non-current liabilities relate to the lease incentives for the new premises at 52 Martin Place, Sydney.

Notes to the Financial Statements  
30 June 2017

## 14. Defined Benefit Superannuation Schemes

Under budget arrangements the Treasury is responsible for superannuation payments of the staff that perform the functions of the LSCorp. The defined benefit schemes for other employees are assumed by the Crown Entity.

### Nature of the benefits provided by the fund

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

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

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the schemes are closed to new members.

### Description of the regulatory framework

The schemes in the Pooled Fund are established and governed by the following NSW legislation: Superannuation Act 1916, State Authorities Superannuation Act 1987, Police Regulation (Superannuation) Act 1906, State Authorities Non-Contributory Superannuation Act 1987, and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the Commonwealth Superannuation Industry (Supervision) Act 1993 (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2015. The next actuarial investigation will be performed at 30 June 2018

### Description of other entities' responsibilities for the governance of the fund

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles:

- Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules
- Management and investment of the fund assets
- Compliance with other applicable regulations.

### Description of risks

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

- Investment risk - The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall
- Longevity risk – The risk that pensioners live longer than assumed, increasing future pensions
- Pension indexation risk – The risk that pensions will increase at a rate greater than assumed, increasing future pensions
- Salary growth risk - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions
- Legislative risk - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

## The Treasury

**Notes to the Financial Statements**  
30 June 2017

### 14. Defined Benefit Superannuation Schemes (continued)

#### Description of significant events

There were no fund amendments, curtailments or settlements during the year.

	SASS 30 June 2017	SANCS 30 June 2017	SSS 30 June 2017	TOTAL 30 June 2017	TOTAL 30 June 2016
<b>Member Numbers</b>					
Contributors	4	7	3	14	18
Deferred benefits	-	-	2	2	2
Pensioners	-	-	16	16	15
Pensions fully commuted	-	-	6	6	6
Superannuation Position for AASB 119 purposes	\$'000	\$'000	\$'000	\$'000	\$'000
Accrued liability (Note 1)	2,418	509	22,979	25,905	28,664
Estimated reserve account balance	(3,330)	(722)	(14,885)	(18,936)	(18,086)
1. Deficit/(surplus)	(912)	(213)	8,094	6,969	10,578
2. Future Service Liability (Note 2)	302	98	145	546	532
3. Surplus in excess of recovery available from schemes (- 1. - 2. and subject to a minimum of zero)	-	-	-	-	-
4. Net (asset)/liability to be recognised in statement of financial position (1. + 3.)	(912)	(213)	8,094	6,969	10,578

#### Note 1:

The accrued liability includes a contribution tax provision. This is calculated based on grossing up the deficit/(surplus) less the allowance for past service expenses and insurable death and disability liabilities at a contribution tax rate of 15%.

#### Note 2:

The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed (AASB 119 para 64). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed. (Note: this also includes a contribution tax provision).



The Treasury

Notes to the Financial Statements  
30 June 2017

14. Defined Benefit Superannuation Schemes (continued)

Reconciliation of the Net Defined Benefit Liability/(Asset)

	SASS	SANCS	SSS	Total	Total
	Financial Year to 30 June 2017 \$'000	Financial Year to 30 June 2017 \$'000	Financial Year to 30 June 2017 \$'000	Financial Year to 30 June 2017 \$'000	Financial Year to 30 June 2016 \$'000
<b>Net Defined Benefit Liability/(Asset) at start of year</b>	<b>(833)</b>	<b>(175)</b>	<b>11,587</b>	<b>10,579</b>	<b>6,365</b>
Current service cost	71	20	97	188	142
Net Interest on the net defined benefit liability/(asset)	(17)	(4)	230	209	189
Past service cost	-	-	-	-	-
(Gains)/losses arising from settlements	-	-	-	-	-
Actual return on Fund assets less Interest income	(215)	(50)	(1,023)	(1,288)	(16)
Actuarial (gains)/losses arising from changes in demographic assumptions	4	-	1	5	693
Actuarial (gains)/losses arising from changes in financial assumptions	(61)	(16)	(2,481)	(2,558)	3,616
Actuarial (gains)/losses arising from liability experience	221	32	(222)	31	(160)
Adjustment for effect of asset ceiling	-	-	-	-	-
Employer contributions	(82)	(20)	(95)	(197)	(251)
<b>Net Defined Benefit Liability/(Asset) at end of year</b>	<b>(912)</b>	<b>(213)</b>	<b>8,094</b>	<b>6,969</b>	<b>10,578</b>

Reconciliation of the Fair Value of Fund Assets

	SASS	SANCS	SSS	Total	Total
	Financial Year to 30 June 2017 \$'000	Financial Year to 30 June 2017 \$'000	Financial Year to 30 June 2017 \$'000	Financial Year to 30 June 2017 \$'000	Financial Year to 30 June 2016 \$'000
<b>Fair value of Fund assets at beginning of the year</b>	<b>3,310</b>	<b>767</b>	<b>14,009</b>	<b>18,085</b>	<b>18,344</b>
Interest income	56	13	272	341	535
Actual return on Fund assets less Interest income	215	50	1,023	1,288	16
Employer contributions	82	20	95	197	251
Contributions by participants	27	-	55	82	83
Benefits paid	(348)	(131)	(647)	(1,125)	(1,149)
Taxes, premiums & expenses paid	(14)	4	78	68	5
<b>Fair value of Fund assets at end of the year</b>	<b>3,328</b>	<b>723</b>	<b>14,885</b>	<b>18,936</b>	<b>18,085</b>

The Treasury

Notes to the Financial Statements  
30 June 2017

14. Defined Benefit Superannuation Schemes (continued)

Reconciliation of the Defined Benefit Obligation

	SASS	SANCS	SSS	Total	Total
	Financial Year to 30 June 2017 \$'000	Financial Year to 30 June 2017 \$'000	Financial Year to 30 June 2017 \$'000	Financial Year to 30 June 2017 \$'000	Financial Year to 30 June 2016 \$'000
<b>Present value of defined benefit obligations at beginning of the year</b>	<b>2,477</b>	<b>592</b>	<b>25,595</b>	<b>28,664</b>	<b>24,709</b>
Current service cost	71	20	97	188	142
Interest cost	38	10	502	550	724
Contributions by participants	27	-	55	82	83
Actuarial (gains)/losses arising from changes in demographic assumptions	4	-	1	5	693
Actuarial (gains)/losses arising from changes in financial assumptions	(61)	(16)	(2,481)	(2,558)	3,616
Actuarial (gains)/losses arising from liability experience	221	32	(222)	31	(159)
Benefits paid	(347)	(132)	(646)	(1,125)	(1,149)
Taxes, premiums & expenses paid	(14)	4	78	68	5
<b>Present value of defined benefit obligations at end of the year</b>	<b>2,416</b>	<b>510</b>	<b>22,979</b>	<b>25,905</b>	<b>28,664</b>

Reconciliation of the effect of the Asset Ceiling

	SASS	SANCS	SSS	Total	Total
	Financial Year to 30 June 2017 \$'000	Financial Year to 30 June 2017 \$'000	Financial Year to 30 June 2017 \$'000	Financial Year to 30 June 2017 \$'000	Financial Year to 30 June 2016 \$'000
<b>Adjustment for effect of asset ceiling at beginning of the year</b>	-	-	-	-	-
Interest on the effect of asset ceiling	-	-	-	-	-
Change in the effect of asset ceiling	-	-	-	-	-
<b>Adjustment for effect of asset ceiling at end of the year</b>	-	-	-	-	-

The adjustment for the effect of asset ceiling has been determined based on the maximum economic benefit available to the entity in the form of reductions in future employer contributions.

## The Treasury

Notes to the Financial Statements  
30 June 2017

### 14. Defined Benefit Superannuation Schemes (continued)

#### Fair value of Fund assets

All Pooled Fund assets are invested by SAS Trustee Corporation (STC) at arm's length through independent fund managers, assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. As such, the disclosures below relate to total assets of the Pooled Fund.

As at 30 June 2017

Asset category	Quoted prices in active markets for identical assets	Significant observable inputs	Unobservable inputs	2017 Total	2016 Total
	Level 1 (A\$'000)	Level 2 (A\$'000)	Level 3 (A\$'000)	(A\$'000)	(A\$'000)
Cash	-	3,077,362	9,945	3,087,307	2,050,414
Australian Fixed Interest	-	997	2,499,728	2,500,725	2,720,589
International Fixed Interest	-	-	480,991	480,991	834,373
Australian Equities	24	8,947,483	498,572	9,446,079	9,720,878
International Equities	1,150,894	9,033,497	1,869,112	12,053,503	12,093,667
Property	1,993,812	926,105	533,191	3,453,108	3,650,267
Alternatives	3,607,020	390,899	5,068,137	9,066,056	7,115,949
<b>Total<sup>^</sup></b>	<b>6,751,750</b>	<b>22,376,343</b>	<b>10,959,676</b>	<b>40,087,769</b>	<b>38,186,137</b>

The percentage invested in each asset class at the reporting date is:

	2017	2016
Cash	7.7%	5.4%
Australian Fixed Interest	6.2%	7.1%
International Fixed Interest	1.2%	2.2%
Australian Equities	23.6%	25.5%
International Equities	30.1%	31.7%
Property	8.6%	9.6%
Alternatives	22.6%	18.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares; listed unit trusts.

Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts where quoted prices are available in active markets for identical assets or liabilities.

Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

## The Treasury

### Notes to the Financial Statements 30 June 2017

#### 14. Defined Benefit Superannuation Schemes (continued)

##### Fair value of entity's own financial instruments

The disclosures below relate to total assets of the Pooled Fund.

The fair value of the Pooled Fund assets as at 30 June 2017 include \$354.0 million in NSW government bonds.

Of the direct properties owned by the Pooled Fund:

- SAS Trustee Corporation occupies part of a property 100% owned by the Pooled Fund with a fair value of \$250 million (30 June 2016: \$222 million).
- Health Administration Corporation occupies part of a property 50% owned by the Pooled Fund with a fair value (100% interest) of \$261 million (30 June 2016: \$243 million).

##### Significant Actuarial Assumptions at the Reporting Date - Para 144

As at	30 June 2017
Discount rate	2.62%
Salary increase rate (excluding promotional increases)	2.50% 2017/2018 and 2018/2019; 3.50% 2019/2020 and 2020/2021; 3.00% pa 2021/2022 to 2025/2026; 3.50% pa thereafter
Rate of CPI increase	2.00% 2017/2018; 2.25% 2018/2019; 2.50% pa thereafter
Pensioner mortality	The pensioner mortality assumptions are as per the 2015 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age.

##### Significant Actuarial Assumptions at the Reporting Date

As at	30 June 2016
Discount rate	1.99%
Salary increase rate (excluding promotional increases)	2.50% 2016/2017 to 2018/2019; 3.50% 2019/2020 and 2020/2021; 3.00% pa 2021/2022 to 2025/2026; 3.50% pa thereafter
Rate of CPI increase	1.5% 2015/2016; 1.75% 2016/2017; 2.25% 2017/2018; 2.50% pa thereafter
Pensioner mortality	The pensioner mortality assumptions are as per the 2015 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age.

## The Treasury

Notes to the Financial Statements  
30 June 2017

### 14. Defined Benefit Superannuation Schemes (continued)

#### Sensitivity Analysis

The entity's total defined benefit obligation as at 30 June 2017 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2017.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

	2017			2016		
	Base Case	Scenario A	Scenario B	Base Case	Scenario A	Scenario B
		-1.0% discount rate	+1.0% discount rate		-1.0% discount rate	+1.0% discount rate
Discount rate	as above	as above -1.0% pa	as above +1.0% pa	1.99%	0.99%	2.99%
Rate of CPI increase	as above	as above	as above	as above	as above	as above
Salary inflation rate	as above	as above	as above	as above	as above	as above
Defined benefit obligation \$'000	25,905	30,047	22,552	28,664	33,546	24,765

	Base Case	Scenario C	Scenario D	Base Case	Scenario C	Scenario D
		+0.5% rate of CPI increase	-0.5% rate of CPI increase		+0.5% rate of CPI increase	-0.5% rate of CPI increase
Discount rate	as above	as above	as above	as above	as above	as above
Rate of CPI increase	as above	above rates plus 0.5% pa	above rates less 0.5% pa	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Salary inflation rate	as above	as above	as above	as above	as above	as above
Defined benefit obligation \$'000	25,905	27,771	24,215	28,664	30,833	26,708

	Base Case	Scenario E	Scenario F	Base Case	Scenario E	Scenario F
		+0.5% salary increase rate	-0.5% salary increase rate		+0.5% salary increase rate	-0.5% salary increase rate
Discount rate	as above	as above	as above	as above	as above	as above
Rate of CPI increase	as above	as above	as above	as above	as above	as above
Salary inflation rate	as above	above rates plus 0.5% pa	above rates less 0.5% pa	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation \$'000	25,905	26,011	25,803	28,664	28,788	28,547

	Base Case	Scenario G	Scenario H	Base Case	Scenario G	Scenario H
		Lower Mortality*	Higher Mortality**		Higher Mortality*	Lower Mortality**
Defined benefit obligation \$'000	25,905	26,369	25,615	28,664	28,334	29,202

Notes to the Financial Statements  
30 June 2017

**14. Defined Benefit Superannuation Schemes (continued)**

\*Assumes the short term pensioner mortality improvement factors for years 2017-2021 also apply for years after 2021

\*\*Assumes the long term pensioner mortality improvement factors for years post 2021 also apply for years 2017 to 2021

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

**Asset-Liability matching strategies**

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cashflows to manage liquidity requirements. No explicit asset-liability matching strategy is used by the Trustee.

**Funding arrangements**

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review and was last reviewed following completion of the triennial review as at 30 June 2015. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

**Surplus/deficit**

The following is a summary of the 30 June 2017 financial position of the Fund calculated in accordance with AASB 1056 Accounting Standard "Superannuation Entities":

	<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>	<b>Total</b>	<b>Total</b>
	30 June 2017	30 June 2017	30 June 2017	30 June 2017	30 June 2016
	\$'000	\$'000	\$'000	\$'000	\$'000
Accrued benefits*	2,300	475	12,177	14,952	14,886
Net market value of Fund assets	(3,330)	(722)	(14,885)	(18,936)	(18,085)
Net (surplus)/deficit	(1,030)	(247)	(2,708)	(3,984)	(3,199)

\*There is no allowance for a contribution tax provision within the Accrued Benefits figure for AASB 1056. Allowance for contributions tax is made when setting the contribution rates.

**Contribution recommendations**

Recommended contribution rates for the entity are:

<b>SASS</b>	<b>SANCS</b>	<b>SSS</b>
multiple of member contributions	% member salary	multiple of member contributions
2.1	2.5	2.1

## The Treasury

Notes to the Financial Statements  
30 June 2017

### 14. Defined Benefit Superannuation Schemes (continued)

#### Economic assumptions

The economic assumptions adopted for the 30 June 2017 AASB 1056 Accounting Standard "Superannuation Entities":

Weighted-Average Assumptions	2017	2016
Expected rate of return on Fund assets backing current pension liabilities	7.4% pa	7.8% pa
Expected rate of return on Fund assets backing other liabilities	6.4% pa	6.8% pa
Expected salary increase rate (excluding promotional salary increases)	2.7% to 30 June 2019 then 3.2% pa thereafter	3.0% to 30 June 2019 then 3.5% pa thereafter
Expected rate of CPI increase	2.2% pa	2.5% pa

#### Expected contributions

	SASS Financial Year to 30 June 2018 A\$	SANCS Financial Year to 30 June 2018 A\$	SSS Financial Year to 30 June 2018 A\$	Total Financial Year to 30 June 2018 A\$	Total Financial Year to 30 June 2017 A\$
Expected employer contributions	56	16	115	187	195

#### Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 13.6 years.

## The Treasury

Notes to the Financial Statements  
30 June 2017

### 14. Defined Benefit Superannuation Schemes (continued)

#### Profit or Loss Impact

	SASS	SANCS	SSS	Total	Total
	Financial Year to 30 June 2017 \$'000	Financial Year to 30 June 2017 \$'000	Financial Year to 30 June 2017 \$'000	Financial Year to 30 June 2017 \$'000	Financial Year to 30 June 2016 \$'000
Current service cost	71	20	97	188	142
Net interest	(17)	(4)	230	209	189
Past service cost	-	-	-	-	-
(Gains)/Loss on settlement	-	-	-	-	-
<b>Profit or loss component of the Defined Benefit Cost</b>	<b>54</b>	<b>16</b>	<b>327</b>	<b>397</b>	<b>331</b>

#### Other Comprehensive Income

	SASS	SANCS	SSS	Total	Total
	Financial Year to 30 June 2017 \$'000	Financial Year to 30 June 2017 \$'000	Financial Year to 30 June 2017 \$'000	Financial Year to 30 June 2017 \$'000	Financial Year to 30 June 2016 \$'000
Actuarial (gains) losses on liabilities	164	16	(2,702)	(2,522)	4,151
Actual return on Fund assets less Interest income	(215)	(50)	(1,023)	(1,288)	(16)
Change in the effect of asset ceiling	-	-	-	-	-
<b>Total remeasurement in Other Comprehensive Income</b>	<b>(51)</b>	<b>(34)</b>	<b>(3,725)</b>	<b>(3,810)</b>	<b>4,135</b>

### 15. Commitments for expenditure

	2017 \$'000	2016 \$'000
<b>Capital Commitments</b>		
Aggregate capital expenditure contracted for at balance date and not provided for:		
Not later than one year	9,921	14,870
Later than one year and not later than five years	-	2,805
Later than five years	-	-
<b>Total (including GST)</b>	<b>9,921</b>	<b>17,675</b>
<b>Operating Lease Commitments</b>		
Future non-cancellable operating lease rentals not provided for:		
Not later than one year	9,594	9,276
Later than one year and not later than five years	41,563	41,019
Later than five years	38,776	52,379
<b>Total (including GST)</b>	<b>89,933</b>	<b>102,674</b>

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 2017 include input tax credits of \$8,176,000 (2016: \$10,940,800) which are recoverable from the Australian Taxation Office.



Notes to the Financial Statements  
30 June 2017

## 16. Contingent Liabilities and Contingent Assets

There are no contingent assets or liabilities as at the reporting date (2016: Nil).

## 17. Budget Review

### Net result

The actual net result was a gain of \$17.4 million which is \$14.4 million lower than budget of \$31.8 million. This reduction is mainly due to:

- reduced Recurrent and Capital appropriation of \$15.3 million as costs for Prime were delayed
- reduced personnel services revenue of \$3.8 million in relation to the actuarial adjustment on superannuation liabilities for staff working at the Long Service Corporation
- lower employee related costs of \$4.0 million relating to staff vacancies and favourable movement in the long service leave valuation
- lower depreciation costs of \$1.9 million relating to the Prime project
- higher grants of \$3.0 million paid for the Fire and Emergency Services Levy.

### Assets and liabilities

Current assets increased by \$9.7 million due to an increase in cash of \$8.6 million predominately due to a draw down on reserves for expenses accrued but not paid. Current receivables are higher by \$1.1 million due to resourcing help provided to other agencies during budget process.

Non-current assets decreased by \$11.2 million mainly due to unfinished works on the FMT project of \$11.7 million, partly offset by an decrease in receivables from the Long Service Corporation to cover actuarial adjustments for employee entitlements.

Current liabilities increased by \$9.0 million primarily due to \$8.1 million additional payables for general business accruals including corporate services and FMT project work.

Non-current liabilities are consistent with the budget.

### Cash flows

The net cash flows from operating activities decreased by \$12.7 million mainly due to a reduction of \$13.8 million in capital funding due to timing changes in FMT cash requirements.

The net cash flows from investing activities decreased by \$12.9 million due to the revision of the FMT project requirements and consequent postponement for capital expenditure on FMT.

## 18. Reconciliation of cash flows from operating activities to net result

	Notes	2017 \$'000	2016 \$'000
<b>Net cash used on operating activities</b>		<b>21,319</b>	<b>25,692</b>
Depreciation and amortisation	2(c)	(4,420)	(3,303)
Increase / (decrease) in receivables		(2,768)	4,494
Decrease / (increase) in provisions		6,690	(1,292)
Decrease / (increase) in payables and other liabilities		(3,435)	(6,400)
Net gain / (loss) on sale of plant and equipment	(4)	(2)	(6)
<b>Net result</b>		<b>17,384</b>	<b>19,185</b>

## The Treasury

### Notes to the Financial Statements 30 June 2017

#### 19. Trust Funds

The Treasury holds money in Miscellaneous Trust Funds which are used by the Entertainment Industry Bond and Public Trust. These monies have been excluded from the financial statements as The Treasury cannot use them for the achievement of its objectives. The following is a summary of the transactions and the purpose of these accounts:

2017	Entertainment Industry Bond <sup>(i)</sup> \$'000	Public Trust <sup>(ii)</sup> \$'000
Opening cash balance	60	9
Receipts	-	94
Expenditure	-	(94)
<b>Closing cash balance</b>	<b>60</b>	<b>9</b>

#### Comparative information as at 30 June 2016

2016	Entertainment Industry Bond (i) \$'000	Public Trust (ii) \$'000
Opening cash balance	60	18
Receipts	-	56
Expenditure	-	(65)
<b>Closing cash balance</b>	<b>60</b>	<b>9</b>

- (i) Entertainment Industry bonds were from provisional licence holders under the *Entertainment Industry Act 1989* which are returned after 12 months on conversion to a full licence or on the person ceasing to hold a licence. On 1 March 2014 this act was replaced by the *Entertainment Industry Act 2013* which no longer requires bonds. The balance in this account represents funds for clients whose addresses have not yet been confirmed.
- (ii) The Public Trust account represents amounts collected by industrial inspectors acting as intermediaries in disagreements between employees and employers. The amounts are paid by one party to be forwarded to the other.

#### 20. Administered Assets

Administered Assets have been excluded from the financial statements as The Treasury cannot use the money for the achievement of its objectives. The following is a summary of the transactions and purposes of this account.

2017	Unclaimed Wages <sup>(i)</sup> \$'000
Opening cash balance	405
Receipts	159
Expenditure	(122)
<b>Closing cash balance</b>	<b>442</b>

#### Comparative information as at 30 June 2016

2016	Unclaimed Wages (i) \$'000
Opening cash balance	193
Receipts	471
Expenditure	(259)
<b>Closing cash balance</b>	<b>405</b>

## The Treasury

**Notes to the Financial Statements**  
30 June 2017

### 20. Administered Assets (continued)

- (i) Under *Section 122 of the Industrial Relations Act 1996* if an employer is unable to make full payment of remuneration to an employee because that employee cannot be found, the employer must after 30 days send that money to the Consolidated Fund within the Crown Entity. Treasury requires this money to be sent to the Office of Industrial Relations for payment to employees upon application. The balance represents amounts yet to be remitted to the Consolidated Fund.

### 21. Financial instruments

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 Secretary has overall responsibility for the establishment and oversight of risk management and agrees and reviews policies for managing risk.

#### (a) Financial instrument categories

Financial assets	Note	Category	Carrying Amount 2017 \$'000	Carrying Amount 2016 \$'000
Cash and cash equivalents	6	N/A	11,865	14,152
Receivables <sup>(i)</sup>	7	Receivables (at amortised cost)	12,776	16,046

Financial liabilities	Note	Category	Carrying Amount 2017 \$'000	Carrying Amount 2016 \$'000
Payables <sup>(ii)</sup>		Financial liabilities measured at amortised cost	16,908	15,117

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

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

#### (b) Credit risk

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).

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.

#### Cash

Cash comprises bank balances within the NSW Treasury Banking System and cash on hand.

#### Receivables

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 or 30 day terms.

## The Treasury

**Notes to the Financial Statements**  
**30 June 2017**

### 21. Financial instruments (continued)

#### (c) Liquidity risk

Liquidity risk is the risk that the entity will be unable to meet its payment obligations when they fall due. The entity continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

During the current and prior year, there were no defaults of loans payable. No assets have been pledged as collateral. The entity'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

NSW TC11/12. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority may automatically pay the supplier simple interest. No interest for late payment was made during the 2016–2017 year (2015–2016 \$nil).

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

Maturity Analysis	\$'000		Maturity Dates		
	Interest Rate Exposure		<1 yr	1 - 5 yrs	>5 yrs
	Weighted Average Effective Int. Rate	Nominal Amount			
<b>2017</b>					
<b>Financial liabilities</b>					
Creditors	-	16,908	16,908	-	-
<b>2016</b>					
<b>Financial liabilities</b>					
Creditors	-	15,117	15,117	-	-

#### (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.

## The Treasury

Notes to the Financial Statements  
30 June 2017

### 21. Financial instruments (continued)

Interest rate risk		-1%		+1%	
	Carrying amount \$'000	Net Result \$'000	Equity \$'000	Net Result \$'000	Equity \$'000
<b>2017</b>					
<b>Financial assets</b>					
Cash and cash equivalents	11,865	(119)	(119)	119	119
Receivables	12,776	-	-	-	-
<b>Financial liabilities</b>					
Payables	16,908	-	-	-	-
<b>Total Increase / (decrease)</b>		<b>(119)</b>	<b>(119)</b>	<b>119</b>	<b>119</b>
<b>2016</b>					
<b>Financial assets</b>					
Cash and cash equivalents	14,152	(142)	(142)	142	142
Receivables	16,046	-	-	-	-
<b>Financial liabilities</b>					
Payables	15,117	-	-	-	-
<b>Total Increase / (decrease)</b>		<b>(142)</b>	<b>(142)</b>	<b>142</b>	<b>142</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.

### 22. Related Party Disclosures

The entity's key management personnel compensation was paid by The Treasury and details for the year ending June 2017 are as follows:

	<b>2017</b> <b>\$'000</b>
Short-term employee benefits:	
Salaries	9,496
Other monetary allowances	8
Non-monetary benefits	8
Other long-term employee benefits	411
Post-employment benefits	35
Termination benefits	203
Total remuneration	<u>10,161</u>

During the year, The Treasury did not enter into any transactions with key management personnel, their close family members and controlled or jointly controlled entities thereof.

### 23. Events after the Reporting Period

There were no other events subsequent to reporting date requiring disclosure.

**End of audited Financial Statements**

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## Performance measurement framework

Performance Measures	Target	2012-13	2013-14	2014-15	2015-16	2016-17
<b>Employee engagement</b>						
Engagement scores in PSC People Matter survey and Treasury Pulse surveys	57% <sup>1</sup>	67%	61%	62%	68%	67%
<b>Customer service</b>						
Responses in the customer service survey	80%	n/a	n/a	n/a	n/a	80%
<b>Advice on economic and fiscal strategies</b>						
Treasury's tax revenue estimation variation compared with that of other Treasuries	NSW ≤ Other States	NSW -0.6% Others 2.0%	NSW 3.5% Others 1.8%	NSW 2.2% Others 0.3%	NSW 4.2% Others -0.3%	NSW n/a Others n/a
Treasury's economic forecasting variation compared with that of other Treasuries	NSW ≤ Other States	NSW 0.4% <sup>2</sup> Others 1.0% <sup>2</sup>	NSW 0.6% <sup>2</sup> Others 0.9% <sup>2</sup>	NSW 0.4% <sup>2</sup> Others 0.8% <sup>2</sup>	NSW 1.1% Others 1.0%	NSW n/a Others n/a
<b>Advice on the efficiency and effectiveness of public sector agencies</b>						
Percentage of required government businesses with a signed Statement of Corporate or Business Intent	100%	SOCs 100% All 79%	SOCs 100% All 68%	SOCs 100% All 94%	SOCs 100% All 79% <sup>3</sup>	SOCs 100% All 100%
Deviation of actual government business dividend and tax equivalent payments from budget estimate	≤ ±10%	11.90%	4.90%	3.00%	-12.80%	-6.00%
<b>Treasury financial performance</b>						
Treasury's actual net cost of services to be less than or equal to its budget allocation	≤ 100%	91.40%	96.70%	137%	90.10%	98.27%
<b>Improved efficiency and effectiveness of expenditure</b>						
Maintain expense growth below long-term revenue growth	Growth below average revenue growth of 5.6%	4.90%	4.20%	4.20%	4.00%	4.10%
<b>Effective Balance Sheet Management</b>						
Maintaining a Triple A credit rating for NSW	Triple-A	Triple-A	Triple-A	Triple-A	Triple-A	Triple-A
State superannuation liabilities on track to be fully funded by 30 June 2030	100% by June 2030	69.1%	72.4%	75.6%	69.4%	72.1%

<sup>1</sup> ORC Global Public Sector Benchmark for engagement.

<sup>2</sup> Revised due to historical revisions to actual outcomes by the ABS.

<sup>3</sup> Lower percentage driven by machinery of government changes, planned reforms and restructures which have impacted on businesses required to undertake SBIs.

## APPENDICES

### Senior executive grades and remuneration

Senior Executives	2015-16		2016-17	
	Female	Male	Female	Male
Executive Band 4	-	1	-	1
Executive Band 3	3	6	2	2
Executive Band 2	6	12	10	13
Executive Band 1	46	70	34	36
<b>Total</b>	<b>55</b>	<b>89</b>	<b>46</b>	<b>52</b>
	<b>144</b>		<b>98</b>	

Note: The Senior Executive data used for the previous reporting periods 2014-15 and 2015-16 included numbers for GSE compliant roles, non GSE compliant roles, clerks on higher duties and terminated employees (from both GSE compliant and non-compliant roles). This resulted in an over reporting of executive positions in those previous years. Data used for this 2016-17 period includes only GSE compliant roles active as of census date.

Executive – Average Remuneration	2015-16	2016-17
Executive Band 4 (Secretary)	\$550,000	\$627,433
Executive Band 3 (Deputy Secretary)	\$416,217	\$403,857
Executive Band 2 (Executive Director)	\$288,876	\$286,010
Executive Band 1 (Director)	\$178,011	\$219,211

In the table above, the 2015-16 senior executive remuneration incorporates Treasury Technical Officers. The Secretary's employment contract provides for a discretionary remuneration range of up to 12 per cent in addition to the base remuneration. Discretionary remuneration is included above in the year paid.

For the reporting period of 2016-17 senior executives' monetary remuneration and the value of employment benefits paid represented 31.93 per cent of the NSW Treasury's salaries-related expenses. In the previous 2015-16 year this figure was 41.09 per cent.

### Human Resources statistics

In June 2017 Treasury had 488.16 full-time equivalent (FTE) staff. This equates to a headcount of 544 staff. Table B shows the number of FTE staff working in each of Treasury's Groups during 2016-17. These staff numbers are from Treasury's Annual Workforce Profile and include all staff on the NSW Treasury payroll. It excludes staff on unpaid leave or secondments within the NSW public sector. LSC employee data is reported separately in the LSC Annual Report. The Human Resources statistics data outlined in all the following tables is correct as at census date (30 June 2017).

A. Staff Profile	2015-16	2016-17
Full time equivalent (FTE)	471	488
Total EEO respondent to Ethnicity	341	344
Total EEO respondent to Language	328	313
Total EEO respondent to Disability	335	334
Total EEO respondent to Aboriginality	336	351



B. Full-time equivalent staff by Group	2015-16	2016-17
Full time equivalent (FTE)	470.70	488.16
Fiscal and Economic	177.67	151.43
Agency Budget and Strategy	106.41	100.60
Commercial	58.55	72.46
Financial Risk Management and Transformation	9.00	36.80
Industrial Relations	61.20	55.19
Human Resources	NA	18.20
Corporate	55.87	51.48
Office of the Secretary	2.00	2.00

As a result of organisational changes during 2016-17 the Corporate FTE data for 2016-17 in Table B includes three staff previously in the Audit and Risk group; Human Resources became a separate group and no longer part of Corporate group; and the Human Resources FTE includes eight (8) Fast Track Graduate staff who were on external secondment.

Staff by age		
Age range	2015-16	2016-17
20 - 24 years	16	21
25 - 29 years	83	100
30 - 34 years	87	104
35 - 39 years	58	80
40 - 44 years	57	53
45 - 49 years	57	65
50 - 54 years	62	56
55 - 59 years	45	34
60+ years	37	31

Non-executive full-time and part-time staff by classification and grade		
Grade	Actual staff numbers	Full-time equivalent
Clerk Grade 1-2	12	11.21
Clerk Grade 3-4	51	48.30
Clerk Grade 5-6	72	67.98
Clerk Grade 7-8	91	82.69
Clerk Grade 9-10	94	87.24
Clerk Grade 11-12	126	113.32

## APPENDICES

### Trends in the Workforce Diversity Groups

In the following tables the EEO Group statistics are based on staff numbers as at census date. The data reported for 2016 in the previous 2015-16 Annual Report differs from the revised 2016 data in Table A and Table B following because NSW Industrial Relations figures were omitted from NSW Treasury data.

A. Trends in the representation of Workforce Diversity Groups				
EEO Group	Benchmark/ Target	2015	2016	2017
Women	50.0%	54.8%	53.2%	54.4%
Aboriginal people and Torres Strait Islanders	2.6%	1.1%	1.0%	1.3%
People whose first language was not English	19.0%	26.2%	25.9%	26.3%
People with a disability	NA	2.7%	2.6%	2.4%
People with a disability requiring work-related adjustment	1.5%	0.3%	0.5%	0.5%

The benchmarks in Table A above are determined by the NSW Public Service Commission (PSC). For more detail please refer to the PSC website ([www.psc.nsw.gov.au](http://www.psc.nsw.gov.au)).

B. Trends in the in the distribution of Workforce Diversity Groups				
EEO Group	Benchmark/ Target	2015	2016	2017
Women	100	94	94	97
Aboriginal people and Torres Strait Islanders	100	NA	NA	NA
People whose first language was not English	100	93	95	95
People with a disability	100	NA	NA	NA
People with a disability requiring work-related adjustment	100	NA	NA	NA

Please note that work is underway to improve the reporting of disability information in the sector to enable comparisons with population data. For this reason no benchmark and figures have been provided for 'people with a disability' or for 'people with a disability requiring work-related adjustment'.

In Table B above, a Distribution Index of 100 indicates that the centre of the distribution of the EEO group across salary levels is the same as other staff. Values less than 100 indicate that the EEO group tends to be more concentrated at lower salary levels compared with other staff. The lower the index, the more pronounced this tendency. Values greater than 100 indicate that the EEO group is less concentrated at lower salary levels. The Distribution Index is not calculated when the EEO group or the non-EEO group comprises less than 20 staff.

### Workforce diversity and inclusion

To achieve our vision of becoming world class, we need to draw on diversity of thought, background and experience. The stronger the level of diversity and inclusion within NSW Treasury the greater our ability to integrate differing points of view and enable higher levels of productivity, flexibility, creativity and innovation.

Our commitment to increasing diversity and inclusiveness is embedded into our highest priority strategic goal: Goal 1 - Be sought after for the quality of our people and our advice. Through this goal we will continue building a culture of highly engaged, diverse and talented people. A culture where our people are respected and valued for the unique contribution they make in delivering better outcomes for the people of NSW.

### **Multicultural policies and services program**

In line with the NSW Public Sector Aboriginal Employment Strategy, NSW Treasury is committed to growing and developing a talented Aboriginal workforce. To support this commitment, NSW Treasury is participating in the Aboriginal Employment Development Program (AEDP). This program provides on-the-job work experience for 18 months with exposure to a variety of projects and development activities whilst undertaking a Diploma of Leadership and Management through TAFE NSW. During this 18 months the participants receive a competitive salary and upon successful completion of the program gain ongoing employment.

In February 2017, two employees commenced with NSW Treasury as part of the AEDP. As a result of the success of the initial participation in the AEDP, NSW Treasury will continue participating in the 2018 program.

### **Celebrating NAIDOC Week**

NSW Treasury partnered with NSW Department of Premier and Cabinet and NSW Public Service Commission to celebrate NAIDOC Week from 2 to 9 July 2017. NSW Treasury hosted an event 'Our Languages Matter', an interactive session with a panel of guest speakers to discuss and highlight burning issues around language, cultural identity, media and social policy.

### **Jawun Program**

Jawun is a not-for-profit organisation working with corporate and government clients to build skills and capability in Indigenous people and their organisations. Jawun aligns the skills of our Treasury people with the needs of Indigenous organisations looking for our expertise and assistance in delivering important projects and upskilling their indigenous staff.

In partnership with Jawun and NSW Department of Premier and Cabinet, we share our our people with Indigenous organisations to help them achieve their goals. Through a six week secondment, employees can access a fully supported and challenging development opportunity while working in an Indigenous organisation in one of two regions – NSW Central Coast and Inner Sydney.

### **International Women's Day**

International Women's Day celebrates the social, economic, cultural and political achievements of women. The day also forges a better working world with an inclusive and gender equal world. On 8 March 2017, NSW Treasury celebrated International Women's Day by hosting an internal debate on the subject of "Australia in 2017 is still a man's world". Following the debate there was some time for everyone to network and also discuss their "Be Bold For Change" commitments to help forge an inclusive and gender equal world. During the event our people raised funds that were donated to the McGrath Foundation. In addition, suitable business attire was donated to "Dress for Success" - a registered charity that improves the employability of women in need in NSW by providing, free of charge, professional clothing to help women achieve self-sufficiency.

## APPENDICES

### Disability inclusion action plan

NSW Treasury and the Department of Premier and Cabinet established a joint Diversity and Inclusion Council in 2016. This Council acts as the advisory body performing an oversight and advocacy role across the two agencies. The Council has nine members from across all levels of our two organisations and is co-chaired by the Secretaries of the two agencies. The members assist in driving engagement and support diversity and inclusion across both organisations.

The Diversity and Inclusion Council has four objectives to drive forward to build a more diverse and inclusive workplace:

- Objective 1 All leaders value diversity to deliver the best results for government
- Objective 2 Increase representation and engagement of diverse employee groups
- Objective 3 Embed a sustainable culture of Diversity & Inclusion across Treasury and DPC
- Objective 4 Review NSW Government policies on major infrastructure to ensure best practice accessibility and inclusion

In addition, NSW Treasury participates in a number of forums and committees to keep abreast of current and best practice initiatives across the public sector.

### Proactive work health and safety risk management

NSW Treasury prioritises the health, safety and well-being of all staff, contractors and visitors while undertaking work for Treasury, or on its premises. NSW Treasury focuses on the commitment to fostering relationships with senior managers and employees to work together to identify and resolve safety issues within the workplace.

During the 2016-17 year key achievements in work health and safety risk management included: launching a new e-learning Work, Health and Safety module to increase employee awareness and knowledge; installing three additional defibrillators so that a defibrillator is available on each Treasury level; providing free-of-charge influenza vaccinations to all employees; and appointing three additional members to the work health and safety committee.

The work health and safety committee meet quarterly with discussions focusing on reducing incidents and hazards, developing new initiatives and identifying key learning areas. Treasury continues to have 22 certified first aid officers covering all levels that Treasury occupies. The first aid officers take part in regular training to ensure that they have the most up-to-date information in the event of an emergency.

### Workplace health and safety incidents and assessments

The decrease in reported workplace incidents can be attributed Treasury's agile environment with sit/stand desks and new technologies. NSW Treasury continues to offer existing and new staff the opportunity to receive an ergonomic assessment to ensure they understand how to set up their workstation each day. A total of eight ergonomic assessments were conducted for 2016-17. Ergoworks undertake the Treasury's assessments providing Human Resources with a detailed assessment of the individual's workstation and identifying any additional tools/resources that may enhance the comfort of the individuals at work.

A total of nine incidences were reported in 2016-17. Of these incidents four were caused by a slip/fall; one was caused by heavy lifting; one was car related; and three were caused by other/miscellaneous events. A total of two workers compensation claims were made in 2016-17 with a total amount paid of \$14,729.61.

## Government Information (Public Access)

### Review of proactive release program

Under Section 7 of the *Government Information (Public Access) Act 2009* (GIPA Act) agencies must review their programs for the release of government information to identify the information that can be made publicly available. Treasury's program for the proactive release of information involves considering the categories of information held by Treasury that may be suitable for proactive release.

In March 2017 Treasury launched its new website with increased accessibility and enhanced search functions. During the website development phase Treasury identified further information for proactive release and as a result the information that Treasury releases proactively is easier to access by members of the public.

In the 2016-17 reporting period Treasury proactively released information and tools including the following:

- economic reporting information relating to the NSW economy and its Triple-A credit rating
- the Intergenerational Report
- competition policy
- the State Infrastructure Strategy
- NSW financial management transformation
- revenue and taxations reports
- wide range of publications and documents including annual reports, Budget papers, financial reports, research and guidelines.

### Number of access applications received

During the reporting period Treasury received 57 formal access applications under the GIPA Act including withdrawn applications but not invalid applications.

### Statistical information about access applications

The tables following are set out according to Schedule 2 of the *Government Information (Public Access) Regulation 2009*.

## APPENDICES

**Table A: Number of applications by type of applicant and outcome\***

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	0	2	0	0	0	0	0	0
Members of Parliament	2	13	7	3	1	2	0	2
Private sector business	2	2	1	1	0	0	0	2
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	0	0	0	0	0	0	0	0
Members of the public (other)	1	0	1	0	0	0	0	0

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

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications*	1	0	0	0	0	0	0	0
Access applications (other than personal information applications)	4	17	9	4	1	2	0	4
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

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

**Table C: Invalid applications**

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	0
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	1
Invalid applications that subsequently became valid applications	0

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

	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	20
Executive Council information	1
Contempt	4
Legal professional privilege	3
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

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

**Table E: Other public interest considerations against disclosure**

Matters listed in table to section 14 of the Act	Number of occasions when application not successful
Responsible and effective government	7
Law enforcement and security	0
Individual rights, judicial processes and natural justice	2
Business interests of agencies and other persons	4
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

**Table F: Timeliness**

Matters listed in table to section 14 of the Act	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	17
Decided after 35 days (by agreement with applicant)	20
Not decided within time (deemed refusal)	1
Total	38

## APPENDICES

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

	Decision varied	Decision upheld	Total
Internal review	0	0	0
Review by Information Commissioner	0	0	0
Internal review following recommendation under section 93 of Act	0	0	0
Review by NCAT (formerly ADT)	0	0	0
Total	0	0	0

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

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

**Table I: Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer)**

	Number of applications transferred
Agency-initiation transfers	7
Applicant-initiated transfers	0

### Public interest disclosures

All Treasury staff have a responsibility to report suspected wrongdoing, including corruption; maladministration; serious and substantial waste of public money; and breaches of the *Government Information (Public Access) Act 2009* (GIPA Act).

The *Public Interest Disclosures Act 1994* (PID Act) is aimed at encouraging and facilitating the disclosure, in the public interest, of wrongdoing in the public sector. The reporting of suspected wrongdoing is vital to the integrity of the public sector and its ability to provide the services the NSW public deserves. Treasury is committed to protecting staff that make public interest disclosures.

Treasury maintains a Public Interest Disclosures Internal Reporting Policy for the Management of Public Interest Disclosures, which is consistent with the NSW Ombudsman's model policy. The policy sets out the manner in which Treasury meets its obligations under the PID Act and the roles and responsibilities of staff in making and receiving public interest disclosures. The policy is available to all staff on Treasury's intranet and is also published on the Treasury website.

The Secretary of NSW Treasury has ensured that staff are aware of their responsibilities under the PID Act by:

- publishing and endorsing Treasury's internal reporting policy and commitment to the objectives of the PID Act
- maintaining a Public Interest Disclosures portal on Treasury's intranet providing staff with guidance material and links to additional external and internal PID resources
- providing all Treasury staff access to training presented by the NSW Ombudsman's Office
- providing online training e-courses for new staff as part of Treasury's new starter induction program
- providing online training courses to all Treasury staff
- displaying promotional posters to increase awareness outlining 'How to report wrongdoing in Treasury'.



In accordance with Section 4 of the Public Interest Disclosures Regulation 2011, the following information is provided on public interest disclosures for the period 1 July 2016 to 30 June 2017:

Section 4 of the Public Interest Disclosures Regulation 2011	2016-17
Number of public officials who made public interest disclosures to NSW Treasury	0
Number of public interest disclosures received by NSW Treasury	0
Of public interest disclosures received, how many were primarily about:	
Corrupt conduct	0
Maladministration	0
Serious and substantial waste	0
Government information contravention	0
Local government pecuniary interest contravention	0
Number of public interest disclosures (received since 1 Jan 2012) that have been finalised in this reporting period	1

## Protecting privacy and personal information

NSW Treasury respects the privacy of members of the public who use our services and of our employees. As a NSW Government agency, NSW Treasury must comply with the requirements of the *Privacy and Personal Information Protection Act 1998 (PPIP Act)* and the *Health Records and Information Privacy Act 2002*.

In compliance with the provisions of the PPIP Act, NSW Treasury has a Privacy Management Plan. The Privacy Management Plan is published on both the Treasury intranet and website.

Treasury employees are informed and educated with respect to the privacy legislation and its requirements through online privacy training modules and advice provided through the Information Access and Governance Unit.

Employees are also alerted to privacy requirements through the Privacy Guidelines on Treasury's Privacy intranet page, which provides a detailed summary of the privacy legislation; definition of personal information; details on the protection principles and links to online privacy training and other useful resources

Additional information about how Treasury manages its obligations under the PPIP Act is available at <https://www.treasury.nsw.gov.au/privacy>. Further information and assistance can be provided by emailing the Information Access and Governance Unit at [gipa@treasury.nsw.gov.au](mailto:gipa@treasury.nsw.gov.au).

## Government Resources Efficiency Policy

NSW Treasury has this year again continued supporting the Government Resources Efficiency Policy. In our facilities planning Treasury incorporates resource efficiencies; focuses on the challenge posed by rising costs of energy, water and waste management; and carries out the procurement of resource efficient technology and services.

Treasury's modern office design at 52 Martin Place embraces an agile working environment resulting in efficiencies including reduced electricity consumption and waste production in comparison to a traditional office environment. This is due in part to efficiency improvements made during the last reporting period. In July 2017 the Treasury's offices were awarded a 5.5 star National Australian Built Environment Rating System (NABERS) rating, which exceeds the 4.5 star government requirement.

A number of other initiatives have been introduced over the past year to lower resource consumption further. These initiatives include using the internal fire stairs for Treasury employees to move between Treasury floors as an alternative to using the lift service; and the continued review and removal or excess or underutilised electrical equipment in our offices.

## APPENDICES

This year Treasury also completed a waste management review resulting in implementing an improved recycling program. The improvement to the recycling program have reduced the amount of cross contamination of the recycling streams and reduced overall general waste deposits, as well as developing an increased awareness for all Treasury staff of recycling principals.

### Credit (purchasing) card certification

Treasury's Credit (Purchasing) Card Policy is available on the intranet. The policy outlines requirements for the issue, purpose, restrictions and administration of card usage. The rules are consistent with the Government Policy as outlined in the Treasurer's Directions and State Government Circulars.

In accordance with Treasurer's Direction 205.01, it is certified that the credit card usage by officers of Treasury has complied with Government requirements.

### Funds granted to non-government community organisations

During 2016-17 financial year NSW Treasury administered Grants to:

- NSW Local Councils
- Australian Accounting Standards Board

#### NSW Local Councils - Fire and Emergency Services Levy

In 2016-17, Treasury provided \$3,001,874 to local councils across NSW for the purposes of implementing the Fire and Emergency Services Levy. The cost covers Software Milestone implementation, printing setup and development costs. In May 2017 the NSW Government deferred the introduction of the Fire and Emergency Services Levy.

#### Australian Accounting Standards Board

Total funding to the AASB Board is \$500,000 per annum. The grant is funded to the AASB over three years from 1 July 2016 to 30 June 2019 from combined States and Territories Treasuries. NSW's contribution is \$169,100 per annum for 2016-17. The funding was provided on the condition the AASB continues to include acceptable coverage of public sector accounting issues in its work program, and that all other States and Territories support the allocation.

### Operating expenditure

In 2016-17 Treasury's total expenses increased by \$11.5 million to \$129.6 million. This was primarily as a result of one-off expenditure for Fire and Emergency Services Levy, new funding for the establishment of the Financial Risk Management Team and the Commissioning and Contestability Unit.

The major component of Treasury's operating expenditure is employee related costs. These costs were below budget as a result of a number of funded positions that were vacant for a large proportion of the year.

## Accounts Payable performance 2016-17

NSW Treasury outsources various services including financial services. During 2016-17, InfoSys (GovConnectNSW) provided services including the payment processing of tax invoices after they had been certified and approved for payment by delegated Treasury officers.

During 2016-17 there were no instances where penalty interest was paid for the late payment of invoices to small business owners (as per Clause 13 of the Public Finance and Audit Regulation 2015). There were however, a number of instances where delays resulted in Treasury not paying some tax invoices on time. The reason for these delays included: disputed tax invoices where replacement invoices are not reissued; part delivery of goods/services where it is necessary to wait for full delivery of procurement before payment could be made; delay in the invoice approval process; general errors in invoice information and tax invoices were incorrectly directed to Treasury staff.

**Table A: Outstanding invoices by timeframe at the end of each quarter**

Quarter	Less than 30 days overdue \$	Between 30 days and 60 days overdue \$	Between 60 days and 90 days overdue \$	More than 90 days overdue \$
September 2016	4,422,891.88	1,638,488.06	827,060.49	313,547.83
December 2016	838,835.85	877,180.29	62,643.90	31,117.71
March 2017	1,610,893.72	1,550,832.99	717,150.90	523,330.90
June 2017	1,006,083.45	196,182.05	96,931.67	136.06

**Table B: Accounts paid on time at the end of each quarter**

Quarter	Target by number %	Actual by number %	Value paid on time \$	Total amount paid \$
September 2016	88	80%	11,966,536.21	19,168,524.47
December 2016	88	84%	16,166,461.18	17,976,238.93
March 2017	88	83%	10,157,923.68	14,560,132.19
June 2017	88	94%	26,238,320.68	27,537,653.91

## APPENDICES

### Expenditure on consultants

Consultant	Project Description	Amount (excl GST) \$
Consultants costing \$50,000 or more		
Finance and Accounting/Tax		
Deloitte Touche Tohmatsu	Support to agencies to meet their Financial Management Transformation (FMT) implementation requirements.	5,328,482.17
Department of Planning & Environment	Support to agencies to meet their FMT implementation requirements.	224,786.54
Ernst & Young	Financial advisory services undertaking a commercial review of Forestry Corporation of NSW	114,292.70
KPMG Australia	Accounting advice on the draft Sydney Desalination Plant IPART determination and the long term lease of the Sydney Desalination Plant.	50,754.97
Economic Services		
JWS Research	Market Research for FESL project.	312,250.00
Centre for International Economics	Economic analysis of NSW economy	132,430.00
KPMG Australia	To support a review of the pricing framework used by Property NSW.	125,682.85
Professional Financial Solutions	Data Analytics service for FESL project.	105,620.00
Aurecon Australasia & The Boston Consulting Group	To support elements of a review of the School Assets Strategic Plan 2031 (SASP) to meet expected increased demand for government schools to 2031.	95,900.00
Centre for International Economics	Economic analysis of NSW economy	75,275.00
Centre for International Economics	Economic analysis of NSW economy	58,500.00
Applied Economics Pty Ltd	Build NSW public sector capability in undertaking Cost Benefit Analysis.	57,600.00
Information Technology		
Accenture Australia Holdings	Support IR Replatform project.	642,250.00
Deloitte Touche Tohmatsu	FMT Program Management support.	118,249.33
Deloitte Touche Tohmatsu	Security portal for secure access to the ID Hub managed on behalf of DFSI.	279,000.00
Hewlett-Packard Australia	Application used for testing and recording of defects for FMT project	161,441.44
James & Monroe	Implementation for the Prime project and associated services.	67,800.00
PwC	Implementation for the Prime project and associated services.	14,288,573.00
Tracey Brunstrom & Hammond	FMT Program Management Scheduling Support.	99,392.51
Organisational Review		
Senate SHJ	Communication and engagement support for Commissioning and Contestability Unit and training (Stakeholder engagement planning, workshop facilitation and training).	117,252.80

Consultant	Project Description	Amount (excl GST) \$
<b>Governance and Policy</b>		
KPMG Australia	Report into effectiveness of CEO at-risk remuneration.	50,000.00
KPMG Australia	Support on establishment of the Social and Affordable Housing Fund (SAHF): Setup of structure for the SAHF and in the development of the Special Deposits Accounts (SDA) specific compliance policy, process flows within government, inputs on the legislative requirements and drafting for an SDA.	50,171.40
<b>Subtotal</b>		<b>22,555,704.71</b>
<b>Consultants costing less than \$50,000</b>		
Finance and Accounting/Tax	3 projects	92,910.96
Economic Services	11 projects	293,602.42
Information Technology	3 projects	42,504.21
Environmental Services	1 project	9,400.00
Organisational Review	3 projects	43,100.00
Legal	1 project	35,230.00
Governance & Policy	2 projects	73,000.00
<b>Subtotal 24 projects</b>		<b>589,747.59</b>
<b>Total Expenditure on Consultants</b>		<b>23,145,452.31</b>

## APPENDICES

### Overseas visits

#### Australia and New Zealand School of Government

Director Fiscal Strategy, James Atkinson, travelled to Singapore from 9 to 15 July 2016 to complete study at the Lee Kuan Yew School of Public Policy - an autonomous postgraduate school of the National University of Singapore. The Lee Kuan Yew School hosted the subject Designing Public Policies and Programs as a component of the Australian and New Zealand School of Government Masters of Public Administration that Mr Atkinson was undertaking. While overseas Mr Atkinson visited various agencies within the Singapore Government, including the Urban Redevelopment Authority. The Australian and New Zealand School of Government funded the accommodation for the duration of the trip for all participants in the course. The cost of travel was funded by NSW Treasury.

#### Supporting investment in NSW

Rob Whitfield, as Secretary NSW Treasury, travelled to Canada and the United States of America from 5 to 10 September 2016 as a member of the International delegation meeting with potential investors in New South Wales. The delegation included representatives of UBS and Deutsche Bank, the financial advisers for the Ausgrid transaction, with discussions including the long term lease of Ausgrid. The Secretary's costs for accommodation and travel were covered by NSW Treasury.

#### Australia New Zealand Infrastructure Forum

Executive Director of the Commissioning and Contestability Unit, Commercial Group, Lani Frew travelled to New Zealand from 18 to 21 October 2016. Ms Frew was invited to attend and present at the Australia New Zealand Infrastructure Forum. Ms Frew delivered a presentation on Social Housing in New South Wales and participated in a panel discussion on Leveraging private capital and investment. The travel was in conjunction with the NZ Council for Infrastructure Development in partnership with Infrastructure Partnerships Australia. The cost of travel and accommodation was funded by NSW Treasury.

#### International Public Sector Accounting Standards

Executive Director Fiscal Estimates and Financial Reporting in Fiscal and Economic Group, Karen Sanderson, travelled to Cape Town, South Africa from 3 to 7 December 2016 to attend the International Public Sector Accounting Standards Board (IPSASB) Consultative Advisory Group. Ms Sanderson is the Australian participant on the Group. The IPSASB is an independent standard-setting board that develops high-quality International Public Sector Accounting Standards, guidance and resources for use by public sector entities around the world for general purpose financial reporting. The IPSASB Consultative Advisory Group meets twice a year and one of these meetings is funded by the Australian Accounting Standards Board. The cost of this travel and accommodation was funded by the Australian Accounting Standards Board (AASB).

As the Australian participant on the Group Ms Sanderson also travelled to Luxembourg from 25 June to 30 June 2017 to attend the second meeting of the IPSASB Consultative Advisory Group. The cost of travel and accommodation was funded by NSW Treasury.

## Treasury Circulars 2016-17

Title	Circular Number	Date
Accounting for Superannuation	TC17-07	23/6/2017
Agency guidelines for the 2016-17 Mandatory Annual Returns to Treasury	TC17-06	23/6/2017
Industrial Relations - Notional Salary 2017-18	TC17-05	2/6/2017
Mandates of options and major policy decisions under Australian Accounting Standards	TC17-04	30/3/2017
NSW Gateway Policy	TC17-03	16/3/2017
Guidelines on reporting of investment and liability management performance	TC17-02	07/2/2017
Industrial Relations - Rostered Days Off for 2017 for Employees covered by the Crown Employees (Skilled Trades) Award	TC17-01	07/2/2017
Agency guidelines for the 2016-17 Mandatory Early Close	TC16-13	22/12/2016
Related party disclosures	TC16-12	21/12/2016
Mandatory principal arranged insurance (PAI) for all major capital works projects	TC16-11	15/8/2016
Industrial Relations - Review of Meal, Travelling and other Allowances -pdf	TC16-10	3/8/2016
Infrastructure Investor Assurance Framework (IIAF)	TC16-09	25/7/2016

## APPENDICES

### Treasurer's legislation – list of legislation

NSW Treasury administers the following primary pieces of legislation on behalf of the Treasurer:

- Annual Reports (Departments) Act 1985 No 156
- Annual Reports (Statutory Bodies) Act 1984 No 87
- Appropriation Act 2016 No 30
- Appropriation (Parliament) Act 2016 No 31
- 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
- Betting Tax Act 2001 No 43, jointly with the Minister for Finance, Services and Property
- Canberra Advance Bank Limited (Merger) Act 1992 No 17
- Capital Debt Charges Act 1957 No 1
- Coal and Oil Shale Mine Workers (Superannuation) Act 1941 No 45
- Commonwealth Powers (State Banking) Act 1992 No 104
- Conversions of Securities Adjustment Act 1931 No 63
- Decimal Currency Act 1965 No 33
- Duties Act 1997 No 123, jointly with the Minister for Finance, Services and Property
- Electricity Generator Assets (Authorised Transactions) Act 2012 No 35
- Electricity Network Assets (Authorised Transactions) Act 2015 No 5
- Electricity Retained Interest Corporations Act 2015 No 6
- Emergency Services Levy Act 2017 No 32
- Emergency Services Levy Insurance Monitor Act 2016 No 23
- 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 Sector Reform (New South Wales) Act 1999 No 1
- First State Superannuation Act 1992 No 100
- Fiscal Responsibility Act 2012 No 58
- Freight Rail Corporation (Sale) Act 2001 No 35
- Gaming Machine Tax Act 2001 No 72, Part 3, jointly with the Minister for Finance, Services and Property (remainder, jointly with the Minister for Finance, Services and Property and the Minister for Racing, except Part 4 and Schedule 1, the Minister for Racing)
- General Government Liability Management Fund Act 2002 No 60
- Government Guarantees Act 1934 No 57
- Government Insurance Office (Privatisation) Act 1991 No 38 (except sections 26 and 27, jointly with the Minister for Innovation and Better Regulation)
- Health Insurance Levies Act 1982 No 159, jointly with the Minister for Finance, Services and Property
- Inscribed Stock Act 1902 No 79



- Home Building Act 1989 No 147, Part 6A (remainder, the Minister for Finance, Services and Property and the Minister for Innovation and Better Regulation)
- Inscribed Stock (Issue and Renewals) Act 1912 No 51
- Insurance Protection Tax Act 2001 No 40, jointly with the Minister for Finance, Services and Property
- Intergovernmental Agreement Implementation (GST) Act 2000 No 44
- Land and Property Information NSW (Authorised Transaction) Act 2016 No 46
- Land Tax Act 1956 No 27, jointly with the Minister for Finance, Services and Property
- Land Tax Management Act 1956 No 26, jointly with the Minister for Finance, Services and Property
- Local Government and Other Authorities (Superannuation) Act 1927 No 35
- Motor Accidents (Lifetime Care and Support) Act 2006 No 16
- New South Wales Retirement Benefits Act 1972 No 70
- NSW Grain Corporation Holdings Limited Act 1992 No 31
- NSW Lotteries (Authorised Transaction) Act 2009 No 60
- NSW Self Insurance Corporation Act 2004 No 106
- Parliamentary Budget Officer Act 2010 No 83
- Parliamentary Contributory Superannuation Act 1971 No 53
- Payroll Tax Act 2007 No 21, jointly with the Minister for Finance, Services and Property
- Payroll Tax Deferral (BlueScope Steel) Act 2015 No 68, jointly with the Minister for Finance, Services and Property
- Police Association Employees (Superannuation) Act 1969 No 33
- Police Regulation (Superannuation) Act 1906 No 28
- Ports Assets (Authorised Transactions) Act 2012 No 101
- Public Authorities (Financial Arrangements) Act 1987 No 33
- Public Authorities Superannuation Act 1985 No 41
- Public Finance and Audit Act 1983 No 152 (except parts, the Premier)
- Public Loans Act 1902 No 81
- Restart NSW Fund Act 2011 No 32
- Road Improvement (Special Funding) Act 1989 No 95
- Social and Affordable Housing NSW Fund Act 2016 No 51
- Sporting Injuries Insurance Act 1978 No 141
- State Authorities Non-contributory Superannuation Act 1987 No 212
- State Authorities Superannuation Act 1987 No 211
- 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
- State Insurance and Care Governance Act 2015 No 19, Part 2 and Schedules 1 and 2, and Parts 1 and 4 and Schedule 4 so far as they relate to Insurance and Care NSW (remainder, the Minister for Finance, Services and Property)
- State Owned Corporations Act 1989 No 134, section 37B (remainder, the Premier)
- State Public Service Superannuation Act 1985 No 45
- Superannuation Act 1916 No 28

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- Superannuation Administration Act 1996 No 39
- Superannuation Administration Authority Corporatisation Act 1999 No 5
- Superannuation Administration Corporation (Pillar) (Authorised Transaction) Act 2016 No 19
- Superannuation (Axiom Funds Management Corporation) Act 1996 No 40
- Taxation Administration Act 1996 No 97, jointly with the Minister for Finance, Services and Property
- Totalizator Act 1997 No 45, section 76 (remainder, the Minister for Racing)
- Totalizator Agency Board Privatisation Act 1997 No 43
- Transport Employees Retirement Benefits Act 1967 No 96
- Treasury Corporation Act 1983 No 75
- Waste Recycling and Processing Corporation (Authorised Transaction) Act 2010 No 8
- Workers Compensation Act 1987 No 70, Part 4 and Division 1A of Part 7 (remainder, the Minister for Finance, Services and Property)
- Workers Compensation (Bush Fire, Emergency and Rescue Services) Act 1987 No 83
- Workers' Compensation (Dust Diseases) Act 1942 No 14

NSW Treasury also administers the following primary pieces of legislation on behalf of the Minister for Industrial Relations:

- Annual Holidays Act 1944 No 31
- Broken Hill Trades Hall Site Act of 1898 No 31
- Building and Construction Industry Long Service Payments Act 1986 No 19
- Coal Industry (Industrial Matters) Act 1946 No 44
- Contract Cleaning Industry (Portable Long Service Leave Scheme) Act 2010 No 122
- Employment Protection Act 1982 No 122
- Entertainment Industry Act 2013 No 73
- Essential Services Act 1988 No 41 (except parts, the Premier)
- Government Sector Employment Act 2013 No 40, Part 4, Division 6, jointly with the Premier (remainder, the Premier)
- Industrial Relations Act 1996 No 17 (except parts, the Attorney General)
- Industrial Relations Advisory Council Act 2010 No 76
- Industrial Relations (Child Employment) Act 2006 No 96
- Industrial Relations (Commonwealth Powers) Act 2009 No 115
- Industrial Relations (Ethical Clothing Trades) Act 2001 No 128
- Long Service Corporation Act 2010 No 123
- Long Service Leave Act 1955 No 38
- Long Service Leave (Metalliferous Mining Industry) Act 1963 No 48
- Public Holidays Act 2010 No 115
- Retail Trading Act 2008 No 49

## Treasurer's legislation – changes during 2016-17

### New Acts

#### Fire and Emergency Services Levy Act 2017

The Act establishes a new way of providing funds to the state's fire and emergency services by abolishing the existing insurance-based emergency services levy (whereby most of the cost of fire and emergency services is borne only by people who insure their properties), and introducing a new fire and emergency services levy (the levy) to be paid by all property owners. The levy is to be collected by councils through rates and charges on behalf of the state and is payable each financial year, commencing on 1 July 2017.

Assented to on 4 April 2017. Commencement of the Fire and Emergency Services Levy Act has been deferred by the Emergency Services Levy Act 2017

#### Emergency Services Levy Act 2017

The Act re-establishes an emergency services insurance contribution scheme formerly provided for by the Fire Brigades Act 1989, the Rural Fires Act 1997, and the State Emergency Service Act 1989.

The re-established scheme requires a single emergency services contribution to be paid by insurers in each financial year to the Chief Commissioner of State Revenue (the Chief Commissioner), rather than requiring separate contributions for fire brigades, rural fires and state emergency services. The contribution is payable by instalment in advance of a determination being made by the Chief Commissioner of the final contribution amount payable by the insurer.

The Act postpones the introduction of the levy imposed by the Fire and Emergency Services Levy Act 2017. The Fire and Emergency Services Levy Act 2017 introduced a fire and emergency services levy that had been proposed to start in the 2017/2018 financial year.

Assented to on 27 June 2017.

#### Appropriation Bill 2016

An Act to appropriate from the Consolidated Fund various sums of money required for the financial year 2016-17 for the services of the Government, including:

- (a) Departments of the Public Service
- (b) various special offices.

The Act appropriates a single sum for the services of each agency comprising recurrent services, capital works and services and debt repayment.

The Consolidated Fund largely comprises receipts from, and payments out of, taxes, fines, some regulatory fees, Commonwealth grants and income from Crown assets. The Bill for the 2016-17 financial year contains an additional appropriation which allocates revenue raised in connection with gaming machine taxes to the Minister for Health for spending on health related services.

The Act also provides for additional appropriations to give effect to budget variations for the 2014-15 financial year.

## APPENDICES

The total amounts appropriated are:

1. \$65,567,498,000 for the services of the specified departments for the financial year 2016-17
2. additional appropriation to the Minister for Health of \$340,592,310, with this being part of the revenue raised from gaming machine taxes
3. \$377,559,000 for the services of the specified offices for the financial year 2016-17
4. provision for transfer payments of \$4,155,707,000 from the Commonwealth to non-Government schools and local government
5. \$77,709,000 for recurrent services for which the “Advance to the Treasurer” appropriation was expended in the 2014-15 financial year, with necessary adjustment to the “Advance to the Treasurer” appropriation for that year.

Assented on 28 June 2016.

### **Appropriation (Parliament) Bill 2016**

An Act to appropriate from the Consolidated Fund the sum of \$146,816,000 required during the 2016-17 financial year for the services of the Legislature comprising recurrent services, capital works and services and debt repayment.

Assented on 28 June 2016.

### **State Revenue Legislation Amendment (Budget Measures) Bill 2016**

An Act to amend State revenue legislation to implement certain revenue-related measures in the 2016-17 State Budget.

Assented on 28 June 2016.

## **New regulations**

### **Electricity Generator Assets (Authorised Transactions) Regulation 2016**

For the purposes of section 12 (5) (c) of the *Electricity Generator Assets (Authorised Transactions) Act 2012*, this Regulation prescribed the following as other functions of the Electricity Assets Ministerial Holding Corporation:

- (a) the function of providing funding to a transaction company for the activities of the company
- (b) the function of transferring any assets, rights and liabilities held by the Corporation to a public sector agency for the purposes of an authorised transaction
- (c) the function of holding, on behalf of the Crown, assets, rights and liabilities transferred to the Corporation that have ceased to be electricity generator assets, and carrying on any activities or business that relate to those assets, rights and liabilities (including demanding, collecting and receiving charges, levies, rates and fees).

The Regulation commenced on 21 October 2016.

### **Fire and Emergency Services Levy Regulation 2017**

This Regulation provides for:

- the indexation of base rates for each property sector
- exemptions for certain Aboriginal Land Council land and oyster aquaculture land
- land value of unvalued land on Lord Howe Island purposes of section 20 of the *Fire and Emergency Services Levy Act 2017 (the Act)*
- rounding of ad valorem rates of the levy for a property sector
- the relevant proportion for each property sector for the 2017/2018 financial year for the purposes of section 30 of the Act
- classifications as government land
- application fees in respect of classification of land
- an annual return provided by council to Valuer-General
- the form of a levy notice
- an annual return provided by council to Chief Commissioner

The Regulation commenced on 20 April 2017. It's operation has been suspended following the deferral of the Fire and Emergency Services Levy Act.

### **Superannuation Regulation 2016**

This Regulation provides for reductions to benefits for the purposes of certain provisions of the Superannuation Act 1916:

- reductions relating to early release of benefits
- reduction for superannuation contributions surcharge
- commutation of pensions for reduction of benefits
- benefit reductions relating to no-TFN tax.

Provisions also relate to the effect of benefit reductions on:

- family law superannuation entitlements
- administration by SAS Trustee Corporation.

This Regulation commenced on 1 September 2016.

### **Other regulations under the Public Finance and Audit Act 1983**

Minor changes were made to the *Public Finance and Audit Act 1983* to keep the Act's schedules of applicable departments and statutory bodies current. In addition, minor changes were made to the *Public Finance and Audit Regulation 2015* to keep the Regulation's schedule that lists audits performed by the Auditor-General current.

## APPENDICES

### Financial and annual reporting legislation

#### Exemptions and variations from reporting requirements under acts and regulations

Agency	Applicable Financial Year(s)	Exemption/Variation	Reasons(s) for request
Internal Audit Bureau	2015-16	Extended the Bureau's final financial year by one day to cover the period 1 July 2015 through to its abolition on 1 July 2016.	To avoid the cost of a financial report and audit for a single day.
Electricity Transmission Ministerial Holding Corporation	2015-16	Exempted the Corporation from the requirement to comply with the Financial Reporting Code for NSW General Government Sector Entities.	The Code is aimed at reporting by not-for-profit entities. The Corporation is a for-profit entity.
Ausgrid Pty Limited	2016-17	Determination relieving the Company from the requirement to prepare a final financial report covering the period 1 July 2016 until its deregistration in October 2016.	The Company ceased trading before the start of 2016-17.
Internal Audit Bureau	2015-16	Exempted the Bureau from four annual reporting disclosure requirements set out in the Annual Reports (Statutory Bodies) Regulation 2015 for both 2014-15 and 2015-16.	The Bureau was wound down during 2015 and was dissolved on 1 July 2016.
Television Sydney (TVS) Limited	2016	Determination relieving the Company from the requirement to prepare a final financial report.	The Company ceased trading at 31 December 2015.
Lord Howe Island Board	2016-17	Exempted the Board from 2016-17 early close procedures.	A qualified accountant only visits the island once per year.
TCorp Nominees Pty Limited	2016	Exempted the Company from the requirement to prepare a final financial report.	The Company had ceased trading before the start of the current financial year.
Lord Howe Island Board	2016-17	Exempted the Board from requirement to prepare a pro-forma financial report for the nine months to 31 March 2017.	A qualified accountant only visits the island once per year.
Crown Holiday Parks Reserve Trust	2016-17	Exempted the Trust from the requirement to revalue all of its property, plant and equipment for 2016-17 only.	To help the Trust meet its reporting requirements in its first year as a NSW Government agency.
Ministerial Development Corporation	2016-17	Exempted the Corporation from all 2016-17 early close reporting requirements.	The Corporation was inactive and made no transactions during 2016-17.
The Independent Transport Safety Regulator (ITSR)	2016-17	Exempted ITSR from the requirement to prepare a pro-forma financial report for the nine months to 31 March 2017.	ITSR was abolished as at 31 March 2017
Home Care Service of NSW	2016-17	Exempted the Service from the requirement to prepare a pro-forma financial report for the nine months to 31 March 2017.	The Service has only minor operations since the 2016 transfer of most of its former activities to a non-Government organisation.
Treasury	2016-17	Exempted Treasury from the requirement to prepare a pro-forma financial report for the nine months to 31 March 2017.	To avoid clashes with other key deliverables resulting from implementation of the PRIME reporting system.

Agency	Applicable Financial Year(s)	Exemption/Variation	Reasons(s) for request
Essential Energy	2016-17	<p>Exempted Essential Energy from the requirements to:</p> <ul style="list-style-type: none"> <li>■ prepare a pro-forma financial report for the nine months to 31 March 2017,</li> <li>■ revalue property, plant and equipment as at 31 March 2017, and</li> <li>■ submit an electronic financial report for the 9 months to 31 March 2017 by 12 April 2017</li> <li>■ subject to it meeting conditions specified by Treasury.</li> </ul>	To permit Essential Energy to complete early close procedures efficiently.
UrbanGrowth NSW Development Corporation Staff Agency	2016-17	Exempted the Agency from the requirement to prepare a final financial report.	The Agency was abolished in early 2017. The Agency made no transactions in the two years prior to its abolition and had no assets or liabilities at the date it was abolished.
NSW Aboriginal Land Council	2016-17	Exempted the Council from the requirement to revalue all of its property, plant and equipment for 2016-17 only.	The Council will conduct a full valuation on its physical non-current assets during 2017-18.
Epsilon Distribution Ministerial Holding Corporation	2016-17	Extended the Corporation's first financial year to cover the period from its commencement on 14 June 2017 through to 30 June 2018.	All of the Corporation's transactions between 14 June 2017 and 30 June 2017 were immaterial by volume and value
NSW Self Insurance Corporation	2016-17	Exempted the Corporation from the requirement for General Government Sector entities to classify assets and liabilities in their financial reports as current or non-current.	To permit the Corporation to report on a liquidity basis consistent with other entities in its industry.
NSW Workers Compensation (Dust Diseases) Authority	2016-17	Exempted the Authority from the requirement for General Government Sector entities to classify assets and liabilities in their financial reports as current or non-current.	To permit the Authority to report on a liquidity basis consistent with other entities in its industry.
Building Insurance Guarantee Corporation	2016-17	Exempted the Corporation from the requirement for General Government Sector entities to classify assets and liabilities in their financial reports as current or non-current.	To permit the Corporation to report on a liquidity basis consistent with other entities in its industry.

## APPENDICES

### Extensions of time granted to reporting dates under acts and regulations:

#### 1. To submit financial reports

Agency	Applicable Financial Year(s)	Exemption/Variation	Reasons(s) for request
Ministerial Development Corporation	2015-16	Extended the deadline for the Corporation to submit its first financial report until 15 September 2016.	The Corporation was not ready to submit its first financial report by the due date.
Ausgrid	2016-17	Extended the deadline for Ausgrid to submit its completion accounts until 60 days from completion.	To align with timing specified in the Ausgrid Sale and Purchase Agreement.
Superannuation Administration Corporation	2016-17	Extended the deadline for the Corporation to submit its final financial report as a State Owned Corporation by one week.	Staff leave commitments and holidays in late December 2016 and early 2017.

#### 2. To submit annual reports

Agency	Applicable Financial Year(s)	Exemption/Variation	Reasons(s) for request
Internal Audit Bureau	2015-16	Extend the deadline for the Bureau to submit its final annual report until 31 December 2016.	Due to delays in finalising the Bureau's final financial report, the Audit Office could not commence its audit of that report until October 2016.



## ABBREVIATIONS AND ACRONYMS

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AASB	Australian Accounting Standards Board
ABS	Australian Bureau of Statistics
CGC	Commonwealth Grants Commission
COAG	Council of Australian Governments
DPC	Department of Premier and Cabinet
EEO	Equal Employment Opportunity
ERC	Expenditure Review Committee
FTE	Full-time equivalent
GIPA	Government Information (Public Access) Act 2009
GSE	Government Sector Employment Act 2013
GSP	Gross State Product
GST	Goods and Services Tax
ICT	Information and Communication Technology
IMS	Information management systems
IPART	Independent Pricing and Regulatory Tribunal
NCOS	Net cost of services
NDIS	National Disability Insurance Scheme
NHRA	National Health Reform Agreement
OH&S	Occupational Health and Safety
PAFA	Public Authorities (Financial Arrangements) Act 1987
PF&A	Public Finance and Audit Act 1983
PPIP	Privacy and Personal Information Protection Act 1998
PPP	Public-Private Partnership
PTE	Public Trading Enterprise
S&P	Standard and Poor's
SAP	Treasury's Corporate Accounting / HR System
SCI	Statement of Corporate Intent
SES	Senior Executive Service
SOC	State Owned Corporation
TCorp	NSW Treasury Corporation
WHS	Work Health and Safety

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