



Finance,
Services &
Innovation

Annual Report 2015-16

ISSN 2207-0265

Author

Department of Finance, Services and Innovation
(DFSI)

Copyright

© 2016. Crown in right of New South Wales through the Department of Finance, Services and Innovation. You may copy, distribute, display, download and otherwise freely deal with this work for any purpose, provided that you attribute the Department of Finance, Services and Innovation as the owner.

However, you must obtain permission if you wish to:

1. charge others for access to the work (other than at cost)
2. include the work in advertising or a product sale, or
3. modify the work.

Creative Commons

This copyright work is licensed under a Creative Commons Australia Attribution 3.0 licence.

More information

Any inquiries relating to consents and use of this publication, including by NSW Government agencies, must be addressed to DFSI Corporate Affairs, at corporateaffairs@finance.nsw.gov.au

The Hon. Dominic Perrottet, MP
Minister for Finance, Services and Property
GPO Box 5341
SYDNEY NSW 2000

The Hon. Victor Dominello, MP
Minister for Innovation and Better Regulation
GPO Box 5341
SYDNEY NSW 2000

Dear Ministers

Department of Finance, Services and Innovation annual report 2015-16

I am pleased to submit the annual report for the NSW Department of Finance, Services and Innovation for the year ended 30 June 2016, for presentation to Parliament.

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

The report also includes reports for the:

- NSW Procurement Board
- Waste Assets Management Corporation
- Registrar General
- Surveyor General
- Geographical Names Board of NSW
- Office of the Valuer General
- Board of Surveying and Spatial Information

Yours sincerely



Martin Hoffman
Secretary, Department of Finance, Services and Innovation

Page intentionally left blank

Contents

Contents	5
About this report	7
Secretary's message	9
1. About Finance, Services and Innovation	12
1.1 Who we are	12
1.2 What we do	14
1.3 Principal officers	17
1.4 Organisation chart – DFSI 30 June 2016	20
2. Highlights and achievements	21
2.1 Providing efficient and connected services to citizens, business and government	21
2.2 Innovating and transforming the way government operates	29
2.3 Delivering modern, balanced regulatory services	38
2.4 Strengthening public sector finance and the wider NSW economy	41
2.5 Making DFSI a great place to work	43
2.6 Financial highlights	45
3. Corporate performance	48
3.1 Strategic priorities	48
3.2 Corporate performance management	48
3.3 Performance review	50
4. Corporate governance	53
4.1 Governance principles and framework	53
4.2 Accessing DFSI information	54
5. DFSI related entities' reports	56
5.1 NSW Procurement Board report	56
5.2 Waste Assets Management Corporation annual report	60
5.3 Registrar General's report	66
5.4 Surveyor General's report	68
5.5 Geographical Names Board report	69
5.6 Office of the Valuer General's report	74
5.7 Board of Surveying and Spatial Information's report	91
6. Appendices	98
6.1 Accounts payable performance	98
6.2 Annual report preparation	99
6.3 Consultants	99

6.4	Consumer response	101
6.5	Corporate credit card use	106
6.6	Disclosure of controlled entities	106
6.7	Diversity and inclusion policies and services	106
6.8	Employment and senior executive statistics	110
6.9	Employment relations policies and practices	113
6.10	Funds granted to non-government community organisations	114
6.11	Government Information (Public Access) statistics	123
6.12	Land disposal	126
6.13	Legislation administered	126
6.14	Legislative changes	130
6.15	Overseas travel	136
6.16	Public interest disclosure	138
6.17	Research and development	139
6.18	Risk management, attestation and insurance activities	140
6.19	Significant judicial decisions	143
6.20	Waste reduction and purchasing policy	148
6.21	Work health and safety and injury management	148
6.22	Access to DFSI and related entities' offices	152
7.	Financial statements	154
7.1	Department of Finance, Services and Innovation financial statements	155
7.2	Waste Assets Management Corporation financial statements	217
7.3	Board of Surveying and Spatial Information financial statements	256
	Compliance checklist	277
	Index	279

About this report

This report covers the Department of Finance, Services and Innovation (DFSI) and cluster agencies as at 30 June 2016.

Included in this report, under the section titled 'Department of Finance, Services and Innovation related entities' reports' are annual and other reports for the:

- NSW Procurement Board
- Waste Assets Management Corporation
- Registrar General
- Surveyor General
- Geographical Names Board of NSW
- Office of the Valuer General
- Board of Surveying and Spatial Information.

The annual report is available at <https://www.finance.nsw.gov.au/publication-and-resources/annualreports> and www.opengov.nsw.gov.au/about.

The following business areas produce their own annual reports as required under legislation:

- Fair Trading Administration Corporation
available at http://www.fairtrading.nsw.gov.au/ftw/About_us/Publications/Annual_reports.page
- Government Property NSW
available at <https://www.property.nsw.gov.au/about-us>
- Mines Subsidence Board
available at <http://www.subsidence.nsw.gov.au/>
- NSW Architects Registration Board
available at <http://www.architects.nsw.gov.au/publications>
- NSW Telecommunications Authority (Telco)
available at <http://telco.nsw.gov.au/content/annual-reports>
- Professional Standards Councils
available at <http://www.psc.gov.au/news-and-publications/annual-reports>
- Rental Bond Board
available at http://www.fairtrading.nsw.gov.au/ftw/About_us/Publications/Annual_reports.page
- Service NSW
available at <https://www.service.nsw.gov.au/news-type/publications-and-downloads>
- State Insurance Regulatory Authority (SIRA)
available at <http://www.sira.nsw.gov.au/about-us/annual-reports>
- State Records Authority of New South Wales
available at <https://www.records.nsw.gov.au/about-state-records/annual-report>
- Sydney Harbour Foreshore Authority
available at <https://www.property.nsw.gov.au/about-us>
- Teacher Housing Authority of New South Wales
available at <https://www.property.nsw.gov.au/about-us>

- Workers Compensation Commission
available at <http://www.wcc.nsw.gov.au/Policies-and-Publications/Pages/Annual-review.aspx>
- Workers Compensation Independent Review Officer (WIRO)
available at <http://wiro.nsw.gov.au/publications>

Secretary's message

The 2015-16 annual report highlights our achievements as a service provider, regulator, steward of state assets, and lead agency for Government ICT and innovation.

It has been a significant year of organisational change as we transitioned on 1 July 2015 from being the Office of Finance and Services, to the Department of Finance, Services and Innovation (DFSI), with a number of associated machinery of government changes.

A core focus over the past 12 months has been on integrating and streamlining our many diverse – and new – functions as we work to deliver the Government's reforms and innovation agenda.

Among our key achievements we include:

- A centralised IT service across Government

We developed the OneGov Service Platform, a shared services business within DFSI that provides software-as-a-service and system platforms to more than 30 NSW Government agencies. Over 2015-16, it provided 12.7 million transactions and digital services to businesses and citizens, and maintained 9.9 million business, vocational and recreational licence records.

- Enhancing one-stop services for citizens

We continued to expand Service NSW's capabilities as a single point of contact for a wide range of licensing and government transactional services. Over 2015-16, more than 378,000 telephone enquiries relating to business licencing, rental bonds and workplace safety training were migrated across to Service NSW from Fair Trading and SafeWork NSW.

- More online services for greater convenience

Transacting with Government continues to be made easier, with a greater range of online transactions made possible over 2015-16. These include the lodgement of rental bonds, and property and conveyancer licence applications. Property and business licence holders now also receive automated email renewal notices and SMS reminders.

- Making it easier for businesses to operate in NSW

The Commerce Regulation Program was set up to deliver a new regulatory operating model that will reduce duplication and make it easier for businesses to interact with Government. The program will bring together 30 regulatory schemes from across various agencies including Roads and Maritime Services, NSW Fair Trading, SafeWork NSW and the State Insurance Regulatory Authority.

- A fairer, more sustainable and customer-centric compensation scheme for workers

With the introduction of the *State Insurance and Care Governance Act 2015*, the insurance and regulatory functions of the former WorkCover were split into three new discrete organisations:

- the State Insurance Regulatory Authority, for workers compensation regulation
- SafeWork NSW, for work health and safety regulation
- icare, for workers compensation insurance.

The change will result in a fairer compensation scheme for workers in NSW, with a focus on the injured individual, not the process.

- **Strengthening real estate industry regulation**
A dedicated unit within NSW Fair Trading was established to focus on increasing industry standards and provide early dispute resolution for owners, tenants and agents. The new unit also oversaw the implementation of new laws aimed at preventing real estate agents underquoting selling prices in vendor agreements, advertisements or statements about a property for sale.
- **Smarter, more efficient ways to manage our vehicle fleet**
We moved to an outsourced vehicle fleet supply model as a more cost-efficient alternative to a government-owned and managed fleet.
- **Better integration of our property expertise**
We formed Property NSW, bringing together asset management expertise previously housed across entities such as Government Property, the Teacher Housing Authority and the former Sydney Harbour Foreshore Authority under one umbrella. Property NSW also works alongside Public Works Advisory, which was restructured to provide specialist strategic advice and commissioning services to State public infrastructure projects.
- **Supporting the NSW Government's Decade of Decentralisation Policy**
A number of initiatives were developed to support the Policy, including our work to reduce the Government's CBD office holdings. More than 35,000m² of office space has already been rationalised over the year, against a target of 100,000m² by 2021. Work is also underway to relocate more than 300 positions to the Central Coast by 2018.
- **Generating revenue for economic and social infrastructure**
We helped various government agencies identify and divest \$432 million in underutilised assets. These included the sale of land at Stanhope Gardens for \$31 million and a further 13 Department of Education surplus properties for \$33.8 million, generating additional funds for State infrastructure and services. It also includes the sale of 72 properties as part of the Millers Point sales program, which has raised \$210 million and funded close to 600 new fit-for-purpose social housing dwellings.
- **Harnessing Government data for better outcomes**
We established the NSW Data Analytics Centre, which will build data analytics capability across government and see the deployment of cutting-edge data analytics to support more efficient strategic decision making and service design. The insights gained through advanced data analytics has tremendous transformative potential for the way government services are delivered.
- **Leading and implementing whole of government ICT strategy**
We launched Digital+ 2016, the final update to the NSW Government ICT Strategy. The update set out seven priority areas for ICT reform including the expansion of digital services through Service NSW, open government, data sharing and analytics, cyber security, ICT procurement, ICT investment, and ICT skills and capabilities.
- **Protecting residents and communities from loose-fill asbestos insulation**
Through NSW Fair Trading, we launched a free testing program for residents in areas of NSW where historical data suggested pre-1980 homes might be affected by loose-fill asbestos insulation. More than 23,500 property owners have registered for testing over the 2015-16 financial year.

- Strengthening NSW's debt performance

Through the Office of State Revenue, there has been a record increase in revenue, up 9.7 per cent from last year, and an increased number of fines transactions, up 13.1 per cent from last year. Despite this, debt performance has been strong, with the ratio of debt to revenue collected falling from 5 per cent to 4.6 per cent.

In a year of major reform and organisational change, our people have continued to show commitment and dedication. I thank them for their significant contributions.

There remains plenty to do, and the role of and opportunities for Government continue to rapidly evolve.

But the reforms that have taken place over the past 12 months ensure that we have the foundations in which to respond quickly to the needs of our citizens and customers, in order to make NSW a great place to live and work.



Martin Hoffman
Secretary
Department of Finance, Services and Innovation

1. About Finance, Services and Innovation

1.1 Who we are

The DFSI cluster covers six broad functions: customer transactions, regulation, property and assets, revenue, ICT and digital government, and government services.

Each of those functions has a range of entities within it, and an even broader range of responsibilities and services.

DFSI's main responsibilities are:

- customer transactions: deliver customer-facing transactions on behalf of all government agencies, providing a single point of contact for customers for a range of licensing and transactional services.
- regulation: regulate, educate and provide services directly to individuals and businesses to create a fair, safe and equitable marketplace, and investigate unfair practices. Provide regulatory services to ensure workplaces are safe and ensure insurance supports road users, workers and homeowners. Regulate land titling systems in NSW.
- property and assets: manage the leasing, utilisation, acquisition and disposal of significant property assets across government. Provide valuation, facilities management, place management and asset management advisory services across government.
- revenue: state revenue, taxation fines and debt collection programs.
- ICT and digital government: drive whole of government reform in ICT, procurement and shared services, and lead government's digital and data agenda.
- government services: includes a range of specialist services such as whole-of government procurement, spatial and surveying services, and others.

Changes during the year

On 1 September 2015, the regulatory and insurance functions of the former WorkCover Authority were assumed by three new discrete organisations, the State Insurance Regulatory Authority, SafeWork NSW and Insurance and Care NSW (icare).

In September 2015, SICorp transferred to icare.

As part of the transformation of NSW Public Works, the Government Architect was transferred to the Department of Planning and Electromedical Engineering transferred to Department of Health. The Government Architect's Office building services and design practice as well as the Sydney-based project management business and shared services were closed.

In October 2015, the Sydney Harbour Foreshore Authority became part of the Property and Housing Group.

In December 2014, the Expenditure Review Committee of Cabinet approved 'in-principle' the outsourcing of ServiceFirst. A new service delivery model, GovConnect, was implemented in December 2015 to provide the shared human resources, finance and ICT services ServiceFirst had previously provided. GovConnect consists of two vendors – Unisys and Infosys. The Vendor Management Office within DFSI manages the relationship with the GovConnect vendors. ServiceFirst maintained business as usual activity during the transition to the new service delivery model.

DFSI divisions

At 30 June 2016, DFSI comprised nine administrative divisions:

- Better Regulation
- NSW Fair Trading
- Government and Corporate Services
- ICT and Digital Government (formerly Service Innovation and Strategy)
- Land and Property Information
- NSW Public Works
- Property and Housing Group
- Office of the Secretary
- Office of State Revenue

DFSI related entities

The following related entities exist outside the principal office's administrative body and are established pursuant to legislation.

Finance, Services and Property portfolio

- Board of Surveying and Spatial Information (BOSSI)
- Geographical Names Board of New South Wales (GNB)
- Government Property NSW (GPNSW)
- NSW Architects Registration Board
- New South Wales Government Telecommunications Authority (Telco)
- New South Wales Procurement Board
- State Insurance Regulatory Authority (SIRA)
- State Records Authority of New South Wales
- Teacher Housing Authority of New South Wales (THA)
- Waste Assets Management Corporation (WAMC)

Innovation and Better Regulation portfolio

- NSW Fair Trading Administration Corporation
- Rental Bond Board
- Building Professionals Board

Changes outside the reporting period

On 1 July 2016, StateFleet, a business unit of DFSI, was decommissioned and replaced with a new fleet supply model.

From 1 July 2016, Public Works Advisory (consisting of some units that were previously part of NSW Public Works) joined Property NSW to form the Property and Advisory Group (previously the Property and Housing Group). The sale of the Construction Services Group (part of NSW Public Works) was completed on 1 August 2016.

From 1 July 2016, Land and Property Information was separated into four discrete business units integrated into DFSI. Valuation Services moved to Property and Advisory Group; Spatial Services

moved to Government and Corporate Services and then to ICT and Digital Government; the Office of the Registrar General was established within the Better Regulation Division. The government has announced its intention to invite the private sector to tender for LPI's titling and registry services under a long-term concession.

1.2 What we do

Better Regulation

The Better Regulation Division (BRD) administers NSW's work health and safety laws, and the regulation of workers and home building compensation and motor accidents compulsory third party insurance. BRD includes the State Insurance Regulatory Authority (SIRA) and SafeWork NSW.

Within BRD, the Commerce Regulation Program (CRP) initiative has significant potential to improve business confidence and regulatory service delivery through the implementation of collaborative risk-based regulatory programs and modernised customer experience delivery.

BRD also includes the Regulatory Policy branch which ensures that the necessary legislative changes are effected to support Government priorities, being to make NSW the easiest state to start a business and the leading Australian state in business confidence. BRD drives innovation and expertise to promote business in NSW.

This report includes highlights for SafeWork NSW while SIRA produces its own annual report.

SafeWork NSW

SafeWork NSW (SafeWork) is the state's workplace health and safety regulator. Its aim is to protect against harm, reduce unnecessary compliance costs and secure safety standards. It works with business to reduce costs, reduce the risk of harm and help injured people get back to work as quickly as possible.

SafeWork offers advice on improving work health and safety, provides licensing and registration for dangerous work, provides safety testing services, investigates workplace incidents and enforces work health and safety laws in NSW.

NSW Fair Trading

NSW Fair Trading (Fair Trading) is a consumer protection agency that administers laws to enable a fair and effective NSW marketplace. It jointly administers the Australian Consumer Law with other Commonwealth, State and Territory agencies.

The regulation of specific industries and occupations is also part of Fair Trading's role, with its licensing services helping maintain and improve industry integrity. Compliance is enforced through inspections, investigations, prosecution and other disciplinary action.

It also plays a key role in educating consumers and traders on their rights and responsibilities. Where there are disputes, it steps in to mediate.

Rental bonds, including a new online service, are also managed by Fair Trading, providing confidence to tenants, landlords and property agents that bonds are used for their rightful purpose and are quickly available when required.

In 2015, Fair Trading also assumed responsibility for the Loose-fill Asbestos Implementation Taskforce, which oversees a voluntary program designed to identify and remediate affected properties and provide financial assistance for eligible residents.

Government and Corporate Services

Government and Corporate Services supports DFSI and the wider public sector in achieving their goals by providing contemporary advice, policy support and strategic vision, as well as reliable, helpful, customer-focused services.

Government services provided to the wider public sector included the managed delivery of outsourced shared services by GovConnect (the Vendor Management Office).

Government and Corporate Services also provided strategic, transactional and advisory support to the Secretary and DFSI divisions. These corporate services included the areas of procurement, human resources, change management, information and communications technology, property and workplace, travel and transport, records and knowledge management, financial management and governance, risk management, legal advice and services, audit, corporate affairs including communications and media, ministerial services and support, and asset management. It also included shared services implementation and efficiency projects and initiatives.

ICT and Digital Government

Led by the Government Chief Information and Digital Officer (GCIDO), the ICT and Digital Government (IDG) division (formerly Service Innovation and Strategy) is responsible for developing digital capacity across the public sector, defining the long-term vision for ICT and digital technologies and improving integration and collaboration across government agencies. IDG is accountable for the independent, risk-based assurance of major government ICT projects, ensuring they are implemented on time, on budget, and provide benefits for agencies and citizens.

In addition to its core assurance and governance role, IDG provides secretariat functions for the ICT and Digital Leadership Group (IDLG), the primary governance forum for ICT decisions and work programs across NSW Government. IDG is also driving the data transformation across government and undertaking world-class analytics to solve wicked and complex policy problems.

IDG business units:

- ICT Assurance
- Government Technology Platforms
- NSW Data Analytics Centre (DAC)
- NSW Telco Authority
- IDG Policy and Innovation
- State Records Authority of New South Wales
- NSW Procurement (until 30 June 2016)

Land and Property Information

Land and Property Information (LPI) administers a range of legislation that provides the framework for land titling and conveyancing, surveying, valuation, spatial information and related matters. LPI supports the statutory functions of the Registrar General, Surveyor General and the Valuer General, protects land titles and cadastral integrity in NSW, and maintains and promotes standards that ensure secure, consistent and quality spatial and valuation information is provided to the NSW community.

Property and Housing Group

Property and Housing Group (PHG) manages the State's significant property portfolio and its places, which results in better visitor experiences and services for the people of NSW.

Its services include:

- leading property reform

- active portfolio and asset management
- delivering transactions and major projects
- place making and heritage conservation, and
- valuation services.

PHG owns and manages \$3 billion worth of assets across 1,800 sites, as well as managing over 1,300 leases for NSW Government agencies.

Organisational change in 2015-16 enhanced PHG's property sector and heritage skills and expertise, building its capability as a property and place making specialist and enabling it to provide end-to-end solutions for property portfolios and places.

NSW Public Works

NSW Public Works (Public Works) provides agencies with expert advice and commissioning services for infrastructure, assets and facilities to enable them to deliver their services to the community.

As a smart buyer for government, Public Works supports government and agencies in procuring services from the market. It helps clients to maximise value, minimise costs and effectively manage the life cycle of their assets and risks in their infrastructure programs. It supports agencies in strategic planning, investment decisions, design management, delivery of infrastructure, engineering projects and maintenance. Public Works ensures capability in regional communities through its network of regional offices. It has capability to respond to emerging asset needs and to engineer emergency responses during natural disasters and other events.

Office of the Secretary

The Office of the Secretary comprises the Central Policy Office (CPO) and the Strategic Program and Performance Management Office (SPPMO), including the Change Management Office.

The CPO works with DFSI's business units to undertake strategic policy projects on issues which are a priority for the Secretary or Minister or require some independence. It manages DFSI's Cabinet agenda to ensure all DFSI Cabinet and ERC submissions are of high quality, timely and aligned with DFSI and whole of government priorities. It also acts as a point of review and advice to the Secretary on the use of external consultants and to ensure quality of advice and value for money.

The SPPMO defines and enables execution of DFSI's strategy. It manages the delivery of major reform and transformation and change programs for the organisation. It also manages a range of programs where they are deemed a Premier's, Ministers' or Secretary's priority and require close scrutiny, or involve transformational reform of the way DFSI divisions do business. The SPPMO is also responsible for corporate planning and strategic performance management of the organisation.

Office of State Revenue

The Office of State Revenue (OSR) is NSW's principal revenue agency. OSR contributes to a prosperous society by fairly collecting state taxation and other revenue for and on behalf of the people of NSW. OSR contributes to a safe society by managing fines and payments due to Government and also provides valuable assistance to families and enterprises across NSW by administering grants and subsidies.

1.3 Principal officers

Martin Hoffman

Secretary, Department of Finance, Services and Innovation

Martin Hoffman joined the Department of Finance, Services and Innovation as Secretary on 3 August 2015.

Prior to joining DFSI, Martin was Deputy Secretary at the Commonwealth Department of Industry and Science, where he managed resources and energy matters, including significant international bilateral engagement with the International Energy Agency and the G20.

Before joining the public sector in the Department of the Prime Minister and Cabinet in 2009, Martin had an extensive private sector career, primarily in digital media and technology.

After working in consulting and banking in Australia and Hong Kong, Martin held senior roles at Optus, the Garvan Institute of Medical Research and Fairfax Media.

Martin was CEO of NineMSN from 2003 to 2006, led Moko Social Media Ltd (ASX:MKB) to an IPO in July 2007 as CEO, and founded the digital media advisory and investment business Ulysses Ventures.

Martin holds an MBA (Hons) from the Institute for Management Development (IMD) in Lausanne, Switzerland, a Master of Applied Finance (Macquarie) and Bachelor of Economics (Sydney). Martin completed the Executive Fellows program at the Australia New Zealand School of Government (ANZSOG) in 2009, and was awarded the James Wolfensohn Public Service Scholarship to study at the Harvard Kennedy School in 2013.

Brian Baker

Deputy Secretary, NSW Public Works

Brian Baker has over 30 years' experience in developing and delivering major infrastructure projects. A significant component of his career has related to the planning and delivery of public infrastructure, including water supply, sewerage, bulk material export, transport, education and health.

Brian has also worked for non-government entities, including a major engineering and infrastructure construction company, providing professional consulting advisory. He has a clear understanding of the processes of Government and management of accountabilities within the public sector, and a demonstrated ability to develop and implement effective workplace cultures consistent with sustainable business growth objectives.

Stephen Brady

Deputy Secretary, Office of State Revenue

Chief Commissioner of State Revenue, Commissioner of Fines Administration

Stephen Brady was appointed as the Deputy Secretary, Office of State Revenue, Chief Commissioner of State Revenue and Commissioner of Fines Administration in July 2015.

Prior to joining the Office of State Revenue, Stephen had been a Deputy Secretary in the NSW Department of Premier and Cabinet and NSW Treasury. In addition to 13 years' experience in NSW Government, Stephen has 15 years' experience in investment banking and corporate management. Stephen holds honours degrees in Commerce and in Law from the University of Queensland.

John Hubby

Deputy Secretary, Government and Corporate Services

John Hubby holds the position of Deputy Secretary, Government and Corporate Services. He joined the department in April 2012 and filled the role of Acting Chief Executive for ten months when Finance and Services joined the Treasury and Finance Cluster. In his role at DFSI John is responsible for the delivery of corporate and shared services across the department of 6,000 employees.

John worked at Juvenile Justice (from 2009 to 2012) as Deputy Chief Executive and as Chief Executive. Former roles also include working as an executive at NSW Health, Justice Health, where he worked on the department's response to the complex health issues of people who come in contact with the criminal justice system.

John has an extensive background in health and human services in both Australia and the United States having held a variety of senior roles in both the public and private health sectors. He holds a Master of Public Health from the University of Sydney and a Bachelor of Business Administration from the University of Texas at Austin.

Anthony Lean

Deputy Secretary, Better Regulation

Chief Executive, State Insurance Regulatory Authority (SIRA)

Effective 1 September 2015, Anthony Lean has had responsibility for SIRA, SafeWork NSW and the Government's Better Regulation agenda.

Previous departmental roles included Deputy Secretary, Government Services, and Deputy Director General, Policy and Executive Services, leading whole of government reforms in ICT, procurement, government data centres and shared services transformation.

Anthony also held senior roles with the Cabinet Office and Department of Premier and Cabinet before joining this Department as General Counsel in 2009. With significant high level legal and policy experience, Anthony has also worked within other agencies including NSW Health and the former WorkCover Authority.

He was admitted as a Solicitor, 1993 and holds a Bachelor of Laws, Macquarie University, 1992 and a Bachelor of Arts (English Literature), Macquarie University, 1992.

Des Mooney

Deputy Secretary, Land and Property Information

Registrar General of New South Wales, Surveyor General of New South Wales

Des Mooney has extensive senior management experience in both the public and private sectors including experience in surveying, mapping and valuation activities. He is a Deputy Chair of PSMA Australia and a member of the Australian Registrars National Electronic Conveyancing Council (ARNECC). Des is also a registered surveyor and registered valuer.

He was appointed General Manager of Land and Property Information in 2001. In 2011, Des was appointed Registrar General and Surveyor General of NSW. In addition, he is also President of the Board of Surveying and Spatial Information (BOSSI), Chair of the Geographical Names Board (GNB), Chair of the Location Leadership Group (LLG) and the NSW representative on the Australian and New Zealand Land Information Council (ANZLIC).

Brett Newman

Deputy Secretary, Property NSW

Chief Executive Officer, Government Property NSW

Brett joined Government Property NSW (GPNSW) as Chief Executive Officer in April 2013 and is the Deputy Secretary of Property NSW. He leads the NSW Government's owned and leased property portfolio, which generates revenues of more than \$500 million per annum. Brett is Chair of the Teacher Housing Authority and the Strategic Property Transactions Committee. He is on the board of the Sydney Harbour Foreshore Authority and participates in a number of government-wide strategic steering committees.

Prior to leading GPNSW, Brett held a number of senior executive positions with organisations such as Blackstone, Westpac, Stockland, Challenger and Macquarie Bank.

Damon Rees**Government Chief Information and Digital Officer**

Damon Rees was appointed as the NSW Government's first Chief Information and Digital Officer (GCIDO) in May 2016.

The GCIDO is the most senior technology role within the NSW Government, leading digital government and ICT across the NSW public sector.

As GCIDO, Damon is responsible for building public sector digital capacity, defining the long-term vision for ICT and digital government, implementing the NSW Open Data Policy and improving integration across government agencies. He also has oversight of major government ICT projects to ensure that they are delivered successfully to benefit customers and agencies.

Prior to this, Damon was the Chief Digital Officer at Macquarie Bank, and previously held senior leadership positions with Woolworths and Westpac Banking Group. He also serves as Non-Executive Director with GP Synergy, a federally-funded general practice education and training provider.

Rod Stowe**Commissioner for NSW Fair Trading**

Rod Stowe was appointed Commissioner for NSW Fair Trading on 4 July 2011.

Rod has worked in the NSW Fair Trading portfolio for 27 years. He has had various roles including Policy Advisor, Director of Customer Services, Assistant Commissioner for Policy and Strategy, and Deputy Commissioner. In a public sector career spanning 39 years, he has gained wide experience in government following previous postings in portfolios covering environmental protection, education, local government and state superannuation.

Rod was awarded the Public Service Medal for outstanding public service in providing consumer protection to the community of NSW in 2011 and the Society of Consumer Affairs Professionals Lifetime Achievement Award in 2015.

Changes to the Executive in 2015-16

Tony Newbury, Commissioner for State Revenue, retired on 3 July 2015.

Stephen Brady was appointed Deputy Secretary, Office of State Revenue on 4 July 2015.

Martin Hoffman commenced as Secretary, Department of Finance, Services and Innovation on 3 August 2015.

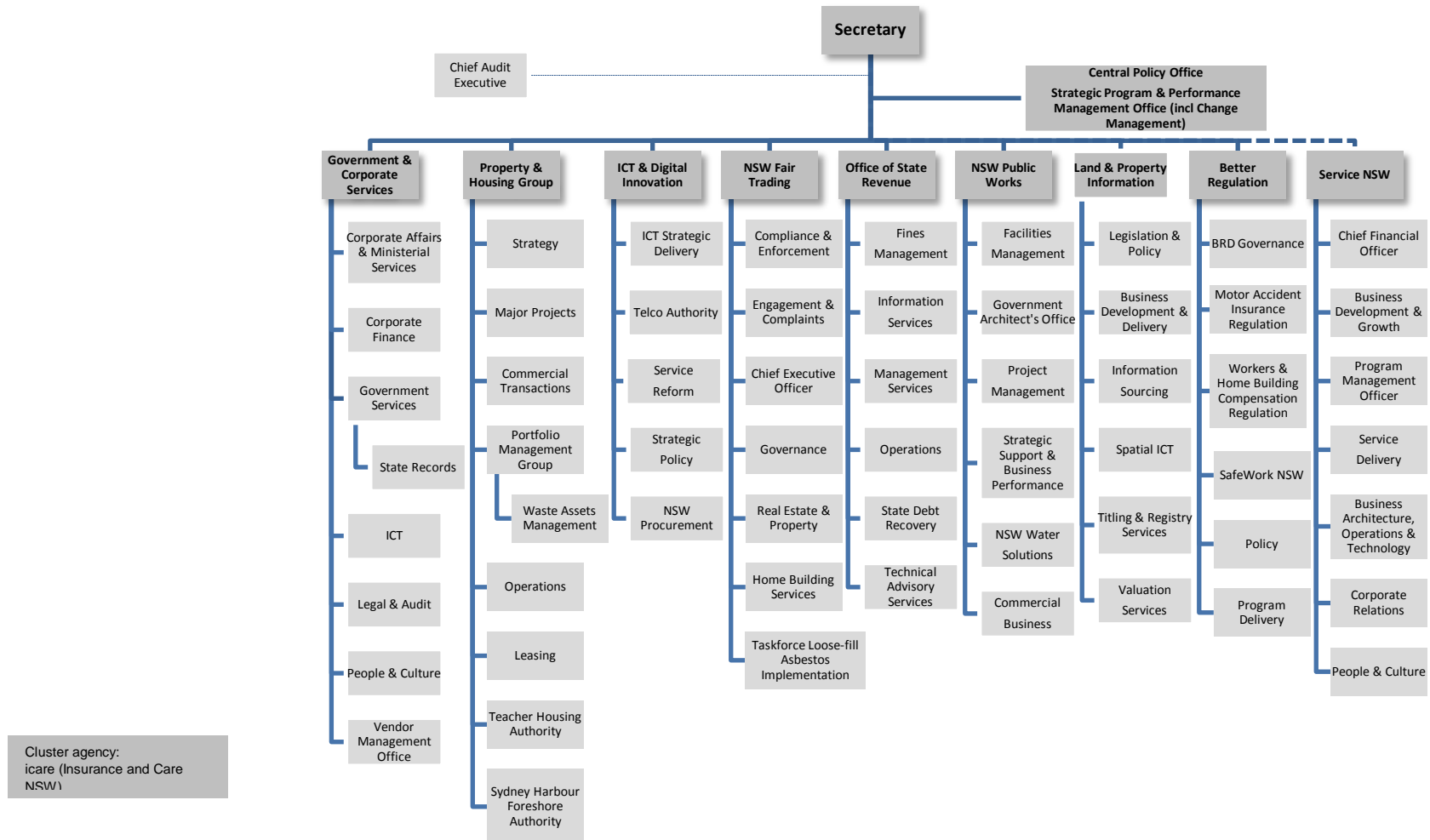
Vivek Bhatia, Chief Executive Officer, Safety, Return to Work and Support (SRWS) was appointed Chief Executive of icare on 1 September 2015 when SRWS was disbanded.

Anthony Lean, previously Deputy Secretary, Government Services, became Deputy Secretary, Better Regulation on 9 September 2015.

William Murphy, Deputy Secretary, Services and Digital Innovation (formerly Service Innovation and Strategy), transferred to the Department of Premier and Cabinet on 6 May 2016.

Damon Rees was appointed Government Chief Information and Digital Officer on 30 May 2016.

1.4 Organisation chart – DFSI 30 June 2016



2. Highlights and achievements

2.1 Providing efficient and connected services to citizens, business and government

Better Regulation

Commerce Regulation Program

Under the Commerce Regulation Program (CRP) 378,000 calls were successfully migrated from Fair Trading and SafeWork to Service NSW by 30 June 2016. These Tier 1 calls included Fair Trading's Business Licence Information Service and Rental Bond enquiries and SafeWork's General Induction Training and high risk work. This work continued the rollout and expansion of Service NSW to enhance the single point of contact for government service delivery.

SafeWork NSW

For its annual customer service survey 2015-16, SafeWork spoke to 5,323 people who had interactions with the agency in the last 12 months. The results show very high levels of satisfaction with the quality of SafeWork staff and the services it provides, with all indicators showing increases in customer satisfaction compared to previous year's results. Nearly all of its customers thought that SafeWork was easy to deal with and was meeting their needs. Eighty-three per cent said that SafeWork understood their business demands, 87 per cent found the interaction valuable and worthwhile while 96 per cent said they were treated fairly.

Safety Field Environment project

SafeWork began testing a prototype of its SaFE (Safety Field Environment) project. SaFE uses innovative technological advancements to deliver a truly modern customer centric service to NSW workplaces. The project delivers a purpose-built app allowing immediate information sharing between customers and our inspectors. Use of the app will mean a dramatic reduction in administrative tasks through electronic delivery of notices and reports, reduction in travel, immediate data capture and improvement of business intelligence. The SaFE app is available without a network connection and synchronises with SafeWork's inspector database once connectivity is established.

Safer Communities/Safer Towns program

The Safer Communities/Safer Towns program enables SafeWork to offer assistance and advice to regional business to improve their work health and safety, return to work and injury management. These forums are an opportunity for businesses in more remote areas of NSW to access free tailored assistance, support and advice. In 2015-16 events were held at Cessnock, Kurri Kurri, Dungog, Gresford, Muswellbrook, Singleton, Yamba, Toronto, Maclean, Gulmarrad, Townsend, Moore Park, Forbes, Albion Park, Great Lakes and Sussex Inlet. Attendees at events were able to apply for a \$500 safety rebate for their business.

Formal partnerships and alliances continue to be a strong focus for SafeWork. By working with its partners and alliances, SafeWork can connect with more businesses, unions and workers to promote healthy and safe workplaces in NSW. These partnerships provide a platform for projects and joint activities, contribute to the prevention of harm through higher quality health and safety advice, and influence healthy and safe behaviour change in NSW workplaces. SafeWork's partnership with the Safety Institute of Australia (SIA), the peak body for the health and safety profession in Australia, is an example of how this works.

NSW Fair Trading

Strengthening engagement and support for consumers and traders

Fair Trading received its 10 millionth customer call in 2015, coinciding with its contact centre's 10th year of operation.

During the year, Fair Trading responded to 1,070,608 telephone enquiries (a slight decrease of 0.5 per cent on the previous year), dealt with 31,995 electronic and email enquiries, and received 51,221 complaints about consumer and trading issues, of which 96 per cent were resolved without involving higher cost options such as courts and tribunals.

Visits to the Fair Trading website – the main portal of information for consumers and traders – continued to grow strongly with 5,096,177 visits, an 11 per cent increase on the previous year. Strong engagement was also achieved through social media with 74,313 people viewing Fair Trading's YouTube channel (a 23 per cent increase), 10,047 new Facebook likes (a 26 per cent increase), and 583 new Twitter followers (a 14.5 per cent increase).

Fair Trading also delivered 2,205 community education information sessions and activities to raise awareness of consumer and trader rights and responsibilities. Combined, the program reached 55,665 consumers and traders, including vulnerable groups such as youth, people with a disability, seniors, indigenous Australians and people from culturally and linguistically diverse communities.

Making transactions easier

Fair Trading launched a number of new online initiatives to make it easier for consumers and traders to transact with Government. These included:

- the Rental Bonds Online service to provide tenants, landlords and agents with a more accessible, efficient and secure way to lodge bonds and make claims. This has resulted in the creation of 7,787 agent, 1,950 landlord and 26,931 tenant accounts with 25,204 bonds lodged through the service
- an online lodgement facility for property and conveyancer licence applications
- automated email renewal notices and SMS reminders for property and business licence holders
- work on the development of an online complaints register including legislative change (the NSW Fair Trading Amendment (Information About Complaints) Bill 2015) to allow publication of the information, as well as significant groundwork and stakeholder consultation in preparation for launch in August 2016. The register, the first in Australia, will publish a list of businesses that are subject to 10 or more consumer complaints in a preceding month. The register will help consumers make more informed purchasing decisions and give businesses the incentive to provide better customer service.

Testing for loose-fill asbestos insulation

Fair Trading launched a free testing program for residents in areas of NSW where historical data suggested pre-1980 homes might be affected by loose-fill asbestos insulation. Under the Voluntary Purchase and Demolition Program, 23,588 property owners registered for testing over the 2015-16 financial year in response to a public awareness campaign. Owners of properties confirmed to contain loose-fill asbestos insulation can either sell their home and land to the NSW Government, or just their home, which will be demolished and the land remediated. Fair Trading has exchanged contracts for 13 loose-fill affected properties.

Improving trader conduct

Fair Trading incorporated the Better Trader Program into its complaints handling process. The program identifies poor trader conduct and breaches early, and allows a case manager to be appointed to a potential problem trader. The case manager monitors the trader and provides

assistance to improve the trader's behaviour with the goal of reducing future problems. During the year, 975 traders were being actively case managed.

More seamless organisational service delivery

Fair Trading worked closely with Service NSW to better integrate service delivery.

This included the introduction of new complaint forms (hardcopy and digital) that request information relating to specific Fair Trading topics such as motor vehicles. These ensure that customers provide relevant information for their complaint, minimising further follow-up needed to investigate the issues raised.

Tier 1 customer enquiries from the Fair Trading Contact Centre were also successfully transitioned to the Service NSW Contact Centre. Phase 1 of this transition included enquiries about seminars, bonds, property licensing and business licences. The move created a single point of contact for customers across a range of Fair Trading services. Tier 2 enquiries, those identified by the business as requiring in-depth knowledge and training to address, continue to be supported by the Fair Trading Contact Centre. Work is also underway on the digitisation of Home Building Licences via the Service NSW portal, with completion expected by the end of September 2016.

Government and Corporate Services

The Change Management Office provided strategic change management advice and support to the StateFleet, Public Works, Gosford relocation project and PHG integration transformation programs.

Projects undertaken by DFSI ICT included:

- the fax elimination project, initiated by the Minister for Finance, Services and Property, which removed 487 DFSI fax lines by January 2016. This project generated savings, improved business processes and saved considerable paper
- the budget data visualisation system, which improved access to information about how the DFSI budget is spent. The system was online the same day that the budget was handed down
- continued deployment of Wi-Fi in DFSI offices
- the transition from an in-house to an outsourced arrangement for all servers, storage, networks, end-user computing and a service desk.

People and Culture provided many efficient and connected services to DFSI. In addition to those outlined in section 2.5 Making DFSI a great place to work, People and Culture implemented the People Plan and established a framework for a Diversity Advisory Council.

Corporate Finance:

- drove the transformation to digital payments with the removal of cheques as a form of payment by the DFSI cluster. During June 2016, the number of cheques presented across DFSI's bank accounts had reduced significantly to 1,026 compared to 13,154 in June 2015
- drove the adoption of purchasing cards (PCards) to improve the payment performance to small businesses and reduce the administrative purchasing costs for low-value high-volume transactions. DFSI exceeded its PCard transaction target by nine per cent for the 2015-16 financial year. This was achieved due to accelerated roll-out of PCards across the cluster and the use of PCards to replace low-value purchase orders (e.g. office supplies) and the use of taxi dockets
- is leading the initial adoption of Financial Management Transformation which has introduced program-based budgeting for services across government.

In addition to standard financial services, Corporate Finance has established relationships with the principal financial officers throughout DFSI. These collegial relationships have encouraged greater

efficiency and quality in financial reporting and governance and created greater trust between the divisions and the corporate group.

Legal Services provided advice in connection with a number of transformations across the department. These included the move from StateFleet's management of the Government vehicle fleet to an outsourced fleet supply model and the Public Works Transformation where advice and support was provided to the tender process for the sale of the Construction Services Group and the sale transaction. Significant legal advice on contractual, privacy, copyright and other legal issues was also provided in relation to the February 2016 decision to restructure LPI into four business units within DFSI and to seek tenders from the private sector to operate LPI's titling and registry services under a long-term concession.

ICT and Digital Government

NSW Data Analytics Centre

The NSW Data Analytics Centre (DAC) was established in 2015 to bring data and analytics benefits to the whole of NSW Government including:

- connecting datasets, people, expertise and tools to help realise the potential of the government's data assets
- partnering across government and non-government agencies to deliver innovative priority projects
- promoting access and sharing data sets and projects to continuously build the strategic asset of government held information.

GovDC

The Government Data Centre (GovDC) reform includes the migration of NSW mandated agencies to two, state-of-the-art, energy-efficient, purpose-built data centres by August 2017. As at June 2016, 81 per cent of the data centre space was being taken up by NSW Government departments and marketplace providers.

OneGov service platform

OneGov is a shared services business, providing software-as-a-service and system platforms to over 30 NSW Government agencies and Service NSW. It provided 12.7 million transactions and digital services to businesses and citizens during the financial year and maintained 9.9 million business, vocational and recreational licence records.

Dashboard monitoring state priorities

Significant progress was made in the development of digital dashboards for the NSW Government to measure performance. The dashboards will assist in monitoring the Premier's Priorities, NSW State Priorities and the performance of NSW Government departments, increasing transparency and promoting a culture of accountability through key performance indicators.

DFSI head agreement

The GovDC contract provides a head agreement for all government agencies, with DFSI operating as the State's contract authority. Agencies subscribe to DFSI and receive invoices that are directly billed to their finance systems.

Land and Property Information

Providing free and open access to Survey Control Information Management System data

LPI initiated the provision of free and open access to Survey Control Information Management System (SCIMS) data, which will improve service delivery by allowing industry, government and the

community to access and download survey mark coordinates, height, accuracy, metadata, sketch plans and related information for free.

Developing and providing fast, free access to Spatial Web Service platform

LPI developed and provided fast, free access to a single Spatial Web Service platform which provides industry, government and community access to the most current Foundation Spatial Data. The release of this service supports the NSW Government Open Data Policy. Users can utilise the free service to integrate our spatial data with their existing applications and technologies, enabling ease of use to create derivative products.

Delivering Foundation Spatial Data

LPI oversaw the delivery of the most current and spatially accurate Foundation Spatial Data to NSW Government agencies, industry and the community. This entailed the processing and delivery of over 1,300 individual orders of foundation spatial data to our customers.

Providing 24/7 access to CORSnet-NSW

NSW's survey control network benefited from LPI's provision of 24/7 access to CORSnet-NSW's state-of-the-art positioning infrastructure. The CORSnet-NSW Network was extended by an additional 13 sites to provide users with greater coverage with a total of 183 active sites across NSW.

CORSnet-NSW allows users to accurately position themselves and their machinery, vehicle or vessel. This enables greater decision making, planning, design, construction and management of a wide range of projects and applications. Use of this accurate, reliable and easy-to-use location data significantly improves the quality and productivity of users' associated products.

Managing dealings lodged for registration

LPI successfully managed the workload of 935,976 dealings lodged for registration while minimising registration delays for customers to support the NSW property market.

Supporting the delivery of road and transport infrastructure

LPI continued to support the NSW Government's focus on road and transport infrastructure. Over 100 Deposited Plans were registered during the 2015-16 financial year for the NorthConnex and WestConnex projects. The registration of these plans enabled the acquisition of land for these road corridors.

Providing free and open access to property sales data

NSW property sales prices dating back to 2001 can now be accessed free of charge on NSW Globe. This is consistent with LPI's commitment to the NSW Government Open Data policy. Property sales information for the last five years is also available at a street and suburb level.

NSW Globe is a free and easily accessible product that displays NSW Government maps and spatial data, including land parcel, property address and road information, plus land values. The addition of property sales information complements the layers already available and helps people make informed decisions when buying and selling property.

Property and Housing Group

PHG's property and place making expertise supported agencies to improve services for the benefit of the NSW community. This meant more public housing, enhanced hospital features, better schools and transport. The strategic evolution of the organisation has enabled it to deliver significant results in 2015-16:

- asset recycling – delivered 130 transactions worth \$432 million, funding that will support the delivery of better infrastructure and services. These included the sale of land at Stanhope Gardens for \$31 million and a further 13 surplus properties for \$33.8 million for the Department of Education
- reform in agency service delivery – brought together six government agencies under one brand, with 550 employees (at 30 June 2016) and \$3 billion of assets under management across 1,800 sites
- Millers Point – generating significant revenue for reinvestment into economic and social infrastructure. The Millers Point sales program delivered \$210 million to fund new social housing dwellings across NSW. Seventy-two Millers Point properties were sold this year, funding close to 600 new fit-for-purpose social housing dwellings
- property portfolio reporting – improved the way our government clients manage their assets. Online portfolio reporting enabled agencies to access real-time key metrics for their Property NSW managed property portfolio, resulting in improved decision-making
- improved efficiencies – successfully managed the Government's office accommodation requirements, and delivered significant outcomes for other government agencies. This included securing a new site for the SES Headquarters in Wollongong and leading the tender process to deliver a new training academy for Fire & Rescue NSW in Erskine Park. To date, PHG has reduced the Government's CBD office holdings by more than 35,100m² against a target of 100,000m² by 2021, as part of the Decade of Decentralisation policy
- capital projects – included the long-term lease of the Education and Lands buildings in Sydney's CBD for redevelopment as luxury boutique hotels, contributed to the Government's 2020 tourism policy targets, and led the expressions of interest process for a new mixed-use development in Gosford
- economic benefits – delivered economic activity in the form of increased visitation and consumer spend and place management excellence by attracting more than 40 million visitors to The Rocks and Darling Harbour precincts this year
- Teacher Housing Authority – met the needs of singles, couples or families through design innovation and improving utilisation over the life of the asset. Newly constructed residences in remote communities, including Brewarrina, Wilcannia and Coonamble, had the flexibility to be converted into two two-bedroom units, or one three-bedroom unit and one single-bedroom unit
- Waste Assets Management Corporation – provided expert technical support to Roads and Maritime Services and the Sydney Motorway Corporation to support the WestConnex, new M5 and Sydney Gateway projects.

NSW Public Works

Assurance for Infrastructure NSW's Restart NSW programs

Public Works provided assurance for Infrastructure NSW's \$601 million Restart NSW programs, ensuring that project performance and grant expenditure met objectives across the 256 projects.

Specifically for Fire and Rescue NSW, Public Works delivered the \$2.4 million Ropes Crossing Fire Station and the \$31 million relocation of Fire & Rescue NSW head office to Greenacre. It also supported other agencies delivering the \$24.5 million Powerhouse Museum storage facility.

Supporting the delivery of key infrastructure and facilities

Public Works provided strategic advice and project delivery management across a range of infrastructure assets and facilities to support outcomes in the education and justice sectors.

This included delivery support for 10 new major capital works schools or school extensions with a value of \$103 million, four major capital works TAFE developments with a value of \$37.2 million and the \$203 maintenance program.

Its work in the justice sector included the master planning and concept designs for the \$80 million Bed Capacity Increase program and delivering demountable cells valued at \$5.2 million.

Delivering critical lands and water projects in regional NSW

Through its regional network, Public Works supported agencies and local government areas on a range of projects for waterways and coastal projects across NSW.

It provided a range of services from strategic commissioning advice to delivery on water supply and sewerage projects. The division also provided strategic advice on dam spillway upgrades on Tenterfield and Clarrie Hall Dams and completed integrated water cycle management strategies for several shire councils.

Supporting Department of Primary Industries Water

In collaboration with Department of Primary Industries (DPI) Water, Public Works established a Programme Administration Management framework and management structure for DPI Water's programs and projects, comprising expenditure of \$5.4 billion over six to seven years. This facilitated the formulation, assessment and execution of programs and projects ensuring outcomes meet budgets and timeframes.

Collecting coastal and flood data

During the year, Public Works collected, disseminated and stored NSW coastal and flood data on behalf of the Office of Environment and Heritage (OEH), to support other public sector agencies, including emergency services. This system and data was used to assist emergency services during the June east coast low storms and keep emergency services and the public up to date with the latest information on water levels and wave conditions. Public Works' regional teams were deployed to inspect critical damage to structures on the coast after prolonged periods of large waves and high tides.

Supporting emergency services

Public Works used its engineering expertise to provide emergency management responses throughout the year. This included emergency dam assessments, construction site emergencies, several excavation collapses, deployments to Collaroy and Picton during the June east coast low, a major asbestos clean-up following the Kurnell tornado, primary road closures and many structural collapses.

Protecting and restoring NSW heritage assets

Public Works provided agencies with specialist heritage stonework assessment and technical expertise to ensure appropriate repairs and restoration of significant heritage assets. It led the management of the \$13 million Minister's Stonework Program with contributory funding from recipient agencies. Projects included schools, Sydney Hospital, Parkes Court House and the State Library of NSW.

Supporting the loose fill asbestos insulation voluntary demolition program

Public Works provided strategic and technical advice to Fair Trading for the delivery of the loose-fill asbestos insulation voluntary demolition program. Using its experience with complex remediation and

large scale friable asbestos clean-ups, Public Works supported Fair Trading to mitigate the risks associated with this project.

Administering Natural Disaster Relief Assistance

In 2015-16, Public Works administered the Natural Disaster Relief Assistance on behalf of NSW Treasury. This involved reimbursing councils a total of \$11.5 million in 18 payments, and processing 12 grant offers with a value of \$4.32 million.

Office of the Secretary

DFSI in partnership with the Customer Service Commissioner is accountable for Premier's Priority 12 – Improving Customer Satisfaction. As well as driving its own customer service improvements, DFSI is supporting other clusters to ensure that each cluster is pursuing a range of initiatives to improve customer satisfaction. The Customer Satisfaction Measurement Survey results for the first year showed a two percentage point increase for consumer satisfaction and 1.8 point increase for business satisfaction from an already high 2015 base of 76.7 and 76.6 respectively.

Office of State Revenue

Providing free access to tax and fines data

This year, OSR added five new datasets to its open-data publications:

- payroll tax – a disaggregated, anonymised customer level summary
- parking space levy – a customer level summary of all liable parking space properties
- penalty notices – consolidates the seven existing penalty notice online publications
- transfer duty – expands on the summary transfer duty reports currently published on OSR's website
- land tax – provides the number and value of liable properties for the 2016 land tax year.

All datasets were provided in optimal accessible formats with non-identifying, non-attributable data fields provided to protect privacy and increase usability.

Delivering the Service NSW mobile app

OSR partnered with Service NSW to introduce an innovation in debt recovery and improved customer service. On 3 February 2016, Minister Perrottet announced an update to the Service NSW smartphone app that allows users to pay fines, track payments and review photos of infringements.

This update went live on 18 January 2016 for Apple devices and 19 January 2016 for Android devices. By 30 June 2016, there had been 124,692 interactions with this app.

Educating businesses and consumers across NSW with education roadshows

OSR's education team undertook more than 1,300 seminars during state-wide roadshows, visiting 50 metropolitan and regional centres. These free seminars to businesses and their professional representatives provided over 20,000 attendees with updates on NSW business and property taxes, the small business grant, first home buyer benefits and unclaimed money.

2.2 Innovating and transforming the way government operates

Better Regulation

Commerce Regulation Program's "Easy to Stay in Business" roadmap

During the year, an "easy to stay in business" roadmap framework was developed with the initial customer focus on the construction housing industry. The aim is to identify the regulatory burden and target areas to increase business understanding and capability to "stay safe" and "stay in business". In 2015-16 the development of the framework successfully achieved Milestone 1 which was the identification of 160 federal, state and local government regulatory requirements providing the opportunity to substantially reduce the burden and costs to business.

SafeWork NSW

Video Safety Alert program

The Video Safety Alert program is an innovative harm reduction initiative that communicates simple safety messages through social media. The videos address high risk activities within industry. SafeWork has launched 12 videos with four released during 2015-16. For this period there were more than 10,900 views on YouTube. In particular there were 4,850 views of the video, "Forklift Load Handling". Social media channels such as Facebook, Twitter and LinkedIn are used to promote the videos which are embedded on their websites. There have been more than 25,000 views of the video safety alerts over the life of the program. This has transformed the way SafeWork delivers safety messages to many customers it has previously been unable to reach through conventional channels.

Safe forklift use

The innovative Safe Forklift Use project commenced on 1 July 2015 to address the key factors contributing to forklift fatalities and serious injuries in NSW. Research showed that, in addition to workplace design and systems, people's attitudes and behaviour strongly contributed to these incidents. During 2015-16, posters, guides, stickers and a toolbox talk were developed to deliver the key safety messaging. The "Take forking safety seriously" tagline was aimed at encouraging safety conversations and attitudinal change. The resources were well received by industry and supported by more than 1,000 inspector site visits over 2015-16 and 2016-17.

Focus on Health Return to Work project

SafeWork and the State Insurance Regulatory Authority collaborated on the Focus on Health Return to Work (RTW) project. The project used innovative predictive data mining of workers compensation claims to identify workplaces with a significant injury to a worker where the employer is inexperienced or has a record of performing poorly with RTW. These high risk claims were then allocated for inspector response. Feedback from stakeholders, particularly employers, suggested that inspector visits lead to improved employer understanding and help them to facilitate better RTW outcomes for injured workers.

Small Business Rebate program

SafeWork continued to support small businesses through the Small Business Rebate program by providing a \$500 rebate to help introduce safety solutions to their workplaces. Through interactions with SafeWork, business owners learn about good safety practices. They are then supported with the rebate to take positive action through purchasing appropriate solutions. In 2015-16, 496 rebates were paid. The rebate funded safety improvements worth more than \$234,000 and additional investments by participating businesses meant that over \$595,000 were realised in safety benefits during 2015-16. Applications most often related to high risks such as falls, manual handling, animal handling, chemical handling and security.

Focus on Industry - House Construction project

The Focus on Industry - House Construction project transformed industry's approach to house construction activities. This included the development and distribution of 12 short videos relating to house construction. SafeWork attended four demonstration days at housing development estates across NSW, coinciding with participation at over 58 industry events. The project promoted the Small Business Rebate Program resulting in 119 applications and the provision of \$51,300 in rebates. Over 1,200 visits to construction sites across NSW were conducted during the project. The project implemented a mentor program which provided industry with direct assistance and guidance on best practice from experienced mentors in the industry.

Safe management of asbestos

The Heads of Asbestos Coordination Authorities (HACA) made significant progress in improving the safe management of asbestos across NSW with a number of key initiatives that included the Statewide Asbestos Plan, a model Asbestos Policy for NSW Councils and a national asbestos awareness campaign. In 2016, the HACA focused on developing an education campaign to help raise awareness and build asbestos capabilities in NSW Aboriginal communities in consultation with Aboriginal Land Councils and Aboriginal Community Housing Providers.

Consultation at Work strategy

The main objective of the Consultation at Work strategy is to support and assist workplaces in building their consultation capabilities to facilitate effective discussion, resolution and monitoring of work health and safety issues. Key stakeholders were engaged to help identify issues and barriers to effective consultation and SafeWork is now developing a plan to raise awareness and assist workplaces to increase their ability to effectively consult with workers.

NSW Quad Bike Safety Improvement program

Quad bikes are a leading cause of death on Australian properties with 220 deaths in the past 16 years and thousands more people seriously injured. SafeWork implemented the NSW Quad Bike Safety Improvement program, which included a rebate package to encourage and support farmers to adopt a range of harm prevention strategies to protect their workers, family members and themselves. The small business rebates and incentives can be used towards the purchase of compliant helmets, operator protective devices, the purchase of a safer vehicle, such as a side-by-side vehicle, and training courses tailored to farmers.

SafeWork and Fair Trading undertook a number of visits and activities with the aim of reducing duplication and streamlining processes. Visits were made to motor vehicle recycling businesses, the hospitality industry and the medium-rise construction industry.

Shaping our Future program

With the creation of SafeWork and a focus on improved regulatory services, the Shaping our Future program was formed to deliver the Work Health and Safety Roadmap for NSW and the proposed Centre for Work Health Safety. SafeWork has:

- rebranded the organisation to SafeWork NSW and managed the changes resulting from the separation from the workers compensation regulator
- engaged widely with stakeholders about the draft Roadmap which will be launched in August 2016
- conducted research and consulted around the options for the model of the proposed work health and safety centre. A business case was prepared for the preferred model option.

SafeWork is developing a NSW code of practice for managing risks when new and inexperienced persons interact with horses. The code will build on, and be in addition to, the national model guide to managing risks when new and inexperienced persons interact with horses. The draft of the code was

developed by a co-design process involving targeted stakeholders from the horse industry and government agencies. It is expected that the code will be finalised in late 2016.

Work health and safety performance

SafeWork monitors changes in the number and incidence rates of workplace fatalities, injuries and illnesses. The most current data available is for the period 2014-15 and NSW performance is summarised below.

Employment injury fatalities

There were 78 employment-related fatality claims in 2014-15.

The employment-related fatality incidence rate has increased to 2.6 claims per 100,000 workers in 2014-15 from 2.1 in 2013-14.

The age range with the highest number of fatalities was 45 to 49 with 14 fatalities.

Major employment injuries

Employment injuries are defined as injuries resulting from work-related incidents and occupational diseases contracted or aggravated out of, or in the course of, a worker's employment. This includes major claims where the injury or disease resulted in death, permanent disability or temporary disability with at least one week of weekly benefit entitlement paid.

In 2014-15 there were 30,391 employment injury claims.

The highest number of employment injury claims was reported in health care and social assistance with 4,520 followed by manufacturing (4,368) and construction (3,548).

Major workplace injuries

Workplace injuries are defined as those caused by incidents occurring at the workplace either during work or a work break and when the worker's activity is under the control of an employer, including road traffic accidents while on duty.

There were 23,397 workplace injury claims in 2014-15.

The workplace injury incidence rate has increased to 7.7 claims per 1,000 workers in 2014-15 from 7.2 in 2013-14.

The industry with the highest number of workplace injury claims was health care and social assistance with 3,634 claims.

Falls, trips and slips of a person were the most common mechanism or cause of workplace injuries with 6,302 claims.

Labourers had the highest number of workplace injury claims with 5,884 claims.

The age range with the highest number of workplace injury claims was the 50-54 year age bracket with 2,905 injuries.

Major occupational disease

In 2014-15 there were 6,800 occupational disease claims.

The manufacturing industry is the major contributor for occupational diseases with 1,159 claims, followed by health care and social assistance with 869 claims, public administration and safety with 779 claims and construction with 656 claims. These four industries combined account for 3,463 occupational disease claims.

SafeWork NSW interactions, prosecutions and enforceable undertakings

SafeWork provides advice to workplaces and undertakes workplace inspections, investigation of incidents and complaints and, when necessary, issues penalties and undertakes prosecutions.

During 2015-16, SafeWork inspectors visited 34,660 workplaces, conducted 1,754 workshops, presentations and seminars and conducted 7,269 other types of interactions (i.e. non-field response).

During their workplace visits, inspectors issued 9,464 inspection reports documenting advice and 9,397 notices, including 1,413 penalty notices, 718 prohibition notices and 7,266 improvement notices.

In 2015-16, SafeWork concluded 55 successful WHS prosecutions involving 45 defendants in 33 matters. The total fines awarded by the courts were \$4,062,725.

Twelve enforceable undertakings were agreed in relation to 10 workplace incidents. The 10 incidents relate to 28 charges against 14 defendants where prosecutions before the District Court were withdrawn as the enforceable undertakings had been agreed after proceedings had been filed. The 12 enforceable undertakings resulted in \$3.5 million of WHS improvements.

In 2015-16 there were a total of 72 defendants charged with breaches of the legislation, relating to 82 charges in 50 matters. There were 61 completed prosecutions (including successful ones) against 48 defendants in 35 matters.

As at 30 June 2016 there were 84 defendants in 58 matters before the Courts facing a total of 94 charges commenced under the *Work Health and Safety Act 2011* and the predecessor Act the *Occupational Health and Safety Act 2000*. There is one WHS matter, relating to one charge against one defendant, under appeal as at 30 June 2016.

NSW Fair Trading

Enhancing outcomes

Fair Trading developed a range of compliance, information sharing and data analytics initiatives to support risk-based projects, investigations, as well as outcome-focused regulation and consumer protection projects. These included:

- responding to more than 185,000 internal and external information and data requests
- suitability assessment of 40,000 businesses for the 2016 Seniors Discount Directory
- probity assessment of 440 registered training organisations using network analysis and data matching techniques to identify instances of non-compliance and possible collusion
- a national compliance assessment of the licensed motor vehicle sales industry which involved analysing \$6 billion in transactional records, and complaint and licensing data from eight state and territory regulators.

Improving case investigation management

Fair Trading implemented a new investigation management system with sophisticated data and information analytics capabilities. The case management system allows investigators to more effectively manage investigations, share case information, discover new lines of enquiry, and finalise cases more quickly.

Prosecuting breaches of consumer law

Fair Trading, along with the Australian Competition and Consumer Commission, led a series of joint investigations into a number of training providers, brokers and marketers. This resulted in Federal Court action for breaches of the Australian Consumer Law.

A significant court-enforceable undertaking was made against Careers Australia Group Limited after the company admitted its agents had made false and misleading representations and engaged in unconscionable conduct to sign consumers up to courses and VET FEE-HELP debts. As a result of this, the company cancelled 12,130 enrolments and repaid \$44.3 million to the Commonwealth with

further repayments of \$4.9 million scheduled. Additionally, \$110 million in future funding was withheld following the cancellation of enrolments, saving the Commonwealth Government \$160 million.

Government and Corporate Services

DFSI ICT successfully:

- outsourced ICT service provision from ServiceFirst to GovConnect
- developed an ICT strategy aligning to whole of government initiatives
- conducted 10 NSW Fair Trading, seven NSW Procurement and 13 Government and Corporate Services projects to:
 - eliminate faxes
 - standardise Wi-Fi and improve network connectivity across agencies
 - facilitate and streamline flexible workspaces and electronic work practices and reduce the use of paper
 - automate performance management in the myCareer talent management system
 - improve information management, including converting paper and microfilm to electronic records, sentencing material and implementing disposal or transfer to the State Records Authority for archiving
 - improve the delivery of information and intelligence services within Fair Trading
 - improve online and electronic service delivery to the public, including developing the Fuel Check online tool, enhancements to apps and the ProcurePoint website, registry and licence application services and redeveloping the Fair Trading website
 - improve grants program performance monitoring and measurement
 - develop a NSW Procurement customer relationship management system
 - build the SEED NSW Environmental Data Portal in conjunction with the Department of Environment, on behalf of the NSW Department of Industry
- increased capacity of ICT project delivery within the DFSI cluster by creating an expanded and more capable Project Management Office
- increased monitoring of successful ICT project delivery within budget and improved project governance.

Procurement and Workplace implemented improvements for travel and transport arrangements to support frontline services, including:

- encouraging staff to use ride-sharing services from March 2016
- transitioning to the new travel management service provider in March 2016
- signing contracts for the new fleet management service provider and lessors as part of the new supply model for the motor vehicle fleet.

DFSI identified more than 300 positions to be relocated to Gosford and established a project to implement this change over the next four years. Any positions transferred to Gosford from Parramatta will be backfilled by positions from the Sydney CBD to support the Decade of Decentralisation initiative.

ICT and Digital Government

Leading and implementing whole of government ICT strategy

Digital+ 2016, the final update to the NSW Government ICT Strategy, was launched in November 2015. The update set out seven priority areas including expanding digital services through Service

NSW, open government, data sharing and analytics, cyber security, ICT procurement, ICT investment and ICT skills and capabilities.

Establishing a renewed best practice approach to ICT investment governance

A priority focus was ensuring best value for ICT investments, including the selection of key projects and strengthening assurance processes to support on-time, on-budget delivery. A new ICT investment governance model will be implemented in 2016-17.

Releasing more data and web services under the NSW Government Open Data Policy

Launched in April 2016, the 2016 Open Data Policy focuses on releasing data in open formats. DFSI led through the release of: nine web services for spatial data, visualisation of budget data from 2013-present, data on NGO providers for 2014-15, updating of 13 OSR datasets from PDFs to machine readable formats, and development of APIs to make five public registers searchable online.

Supporting cluster reform of corporate and shared services

The October 2015 corporate and shared services reform strategy recognised progress already made in clusters. Major process releases during 2015-16, included enterprise asset management, IT service management and workplace health and safety. Policy, business requirements, metrics and roles artefacts were also updated across whole of government finance, human resource management and procurement processes.

Social Innovation Council

The Social Innovation Council is a strategic partnership between NSW Government and NGOs to drive innovation across the human services sector. Established in 2015-16, the Council delivered: a benchmarking model and online platform to build capability in the NGO sector; a human services outcomes framework promoting cross-sector collaboration and consistent reporting of outcomes; and guidelines for engagement with NGOs.

The Identity Hub

In the 2015-16 financial year, the Identity Hub program reached the following milestones: 400,000 Government Employee Numbers (GENs) allocated to employees across all sectors; 15 applications integrated for single sign-on and user provisioning; the launch of an automation service for GEN processes, integrating with agency back-office enterprise resource planning systems and the completion of a pilot for a whole of sector corporate directory (aka People Search) to be rolled out in late 2016.

ICT through the cloud

The extension of GovDC to external ICT cloud marketplace via GovDC CloudConnect is transforming government. This enables government to consume ICT as-a-Service from hybrid cloud through a secure gateway. It means agencies can purchase products and services knowing that security, technical standards, procurement policies and data sovereignty requirements have all been addressed.

Innovating with digital solutions

OneGov reviews business processes in collaboration with agencies and delivers simpler digital solutions including:

- a digital licence prototype
- new mobile services for the real estate industry
- digital notifications
- real time interfaces to Australian Securities and Investments Commission and the Australian Business Register

- mobile applications for fireworks displays
- monitoring of Rental Trust Accounts for 23 financial institutions
- a portal for NGOs to monitor children in care
- enabling liquor licences to be managed through mobile devices
- a Smart Meter mobile service for electricians
- FuelCheck, a digital solution to monitor and report on fuel pricing to be released in July 2016.

Transforming experience with government

OneGov commenced work to share data with other departments and industry through API integration. This will improve access to data for system development, data analytics, and decision-making. Fuel prices will be collected from all NSW service stations for FuelCheck and made available to app developers and the NRMA. Mobile services will also be made available to the public to compare fuel prices.

Land and Property Information

Implementation of the National Electronic Conveyancing initiative

LPI continued to lead the implementation of the National Electronic Conveyancing initiative. First implemented in 2013, successive releases have built on this foundation technology. The range of property transactions that can be completed and settled electronically includes the lodgment and registration of mortgages, discharges, transfers and caveats. Further document types are planned for later in 2016 as the industry progresses towards a more widespread uptake of electronic lodgment.

Planning new LGA administrative regions for 'Fit for the Future'

LPI assisted the Department of Premier and Cabinet to formalise the new administrative regions for the NSW Government's 'Fit for the Future' local government area (LGA) reforms. New plans were created from the foundation cadastral and topographic datasets and were registered by the Surveyor General in the Registry of Public Surveys. This allowed the plans to become the legal basis for the proclamation and gazettal of LGA boundaries.

Property and Housing Group

In 2015-16, PHG provided the framework to ensure the successful integration of Valuation Services and Public Works Facilities Management into the group, and the integration of Public Works Advisory into the group from 1 July 2016.

This integration will deliver a whole of government approach to property and precinct management.

The integration aligned with the Government's broader reform agenda of increasing efficiency and removing duplication, improving transparency of funding and services, better asset utilisation and recycling of capital, and to be an informed buyer of services.

PHG played a central role in implementing the Government's Decade of Decentralisation policy, including a reduction of more than 35,100m² of CBD office space since October 2011, and nearly 1,000 public sector roles already relocated to Western Sydney.

Also in 2015-16, the Teacher Housing Authority (THA) developed asset plans and capital management initiatives that strengthened financial efficiency and improved operating performance in the immediate term. These initiatives, underpinned by sustainability and effective service delivery, resulted in almost \$4 million in new residential accommodation, a boost for the economy in the bush, and helped improve THA's operating position by almost 10 per cent.

Office of the Secretary

Over the last 12 months DFSI has created a simplified structure framed around key external outcome areas of services, innovation, regulation and finances through a transformation of cluster and departmental structures as well as cross-sector reforms. This has resulted in a reduction of DFSI divisions from nine to seven, positioning DFSI as a leader in supporting cross-cluster initiatives and providing high-quality public services.

Central Policy Office staff worked with NSW Treasury to establish the Commissioning and Contestability Unit, with joint reporting arrangements to the Treasurer and Minister for Finance, Services and Property, and supported the Unit's work to develop a definition, framework and pipeline of opportunities.

It also supported LPI to deliver stage one of e-Conveyancing reforms.

Fleet supply reform

The Strategic Program and Performance Management Office (SPPMO) managed the Fleet Supply Reform. In August 2015, the Government announced that StateFleet, the agency responsible for providing fleet management and leasing services, would be replaced by a new model to manage the State's fleet of 22,000 passenger and light commercial vehicles. The program involved the establishment and transition to a new outsourced fleet management and leasing model.

The new fleet model, consisting of a competitive leasing panel and two separate fleet management suppliers, was successfully implemented from July 2016 and is delivering savings to Government over the prior model. The implementation was completed on time and below budget with agencies reporting a high level of satisfaction with the overall program implementation. The project was also listed as a finalist for the Chartered Institute of Procurement and Supply Australia's awards for best government procurement project.

NSW Public Works transformation

In June 2015, the NSW Government announced a series of reforms to Public Works in order to optimise the delivery of the State's public infrastructure and more effectively leverage private sector services and experience.

During 2015-16, the Public Works transformation moved the division's core focus away from project management, design and delivery of infrastructure services into providing expert strategic advice and commissioning services. This resulted in the creation of the Public Works Advisory business unit within the Property and Advisory division of DFSI, supporting the NSW Government's decision to have the public sector withdraw from areas where a mature private sector market could offer the same services.

From 1 July 2016, Public Works Advisory commenced operating as a specialist advisor to support local councils and government agencies in Water Solutions, Heritage Asset Advisory, Regional and Rural and Emergency Engineering Management services.

Public Works Advisory is setting out to become the recognised expert in offering advice to government agencies to optimise their asset solutions and procure infrastructure services from the private sector. This model is consistent with the Government's approach to empowering agencies to make their own procurement and infrastructure decisions, but with the support of skilled internal Government expertise.

Working as a 'smart buyer' for the Government, Public Works Advisory engages the private sector to produce value-for-money outcomes, creating a more competitive marketplace.

As part of this service, end to end project delivery may continue within regional and rural areas, where private sector capabilities may be limited. This also aligns with the Government's commitment to support ongoing employment in rural regions.

The remaining changes resulted in the transfer of the Government Architect to the Department of Planning; the transfer of Electromedical Engineering to Department of Health; the closure of the Government Architect's Office building services and design practice as well as the Sydney-based project management business and shared services.

Additionally, the Construction Services Group business was successfully sold to TJS Services Pty Ltd with 51 staff accepting offers of employment with the new owner.

Gosford relocation

In March 2015, the NSW Premier, Mike Baird, announced the Government's intention to relocate more than 300 positions in DFSI (then known as the Office of Finance and Services) to the Central Coast during the current term of government. This commitment contributes to the Decade of Decentralisation policy, promotes employment in the Central Coast region and will revitalise the Gosford CBD, connecting it to the waterfront. The SPPMO is managing the project with Property NSW securing a new office building as part of the program. The program includes comprehensive stakeholder, staff and industrial consultation to prepare for the relocation to Gosford in 2018.

Land and Property Information separation

In 2015, the NSW Government carried out a scoping study of LPI, the division that administered the titling, valuations, surveying and spatial systems in NSW.

As a result of the study, the Government concluded there was opportunity to provide more benefit to the State if the Titling and Registry Services, Valuation Services and Spatial Services units of LPI were separated, with Valuation Services and Spatial Services being integrated into other divisions in DFSI.

Further, the Government decided to separate the regulatory and operational functions of the Titling and Registry Services unit. From 1 July 2016, the newly formed Office of the Registrar General (ORG) will oversee the operations and focus on legislative change and policy administration relating to the conveyancing industry. The Government has also announced its intention to invite the private sector to invest in and operate the Titling and Registry Services unit under a long-term concession.

Office of State Revenue

Transforming customer service channels

Throughout the year, OSR has worked to transform their customer service to achieve a better experience for taxpayers and citizens when they interact with the agency, and a better working environment for staff.

Thus far, it has achieved 15 quick wins, including updating online content for home grants and benefits, launching the Customer Education Webinar Library website, providing one-click access for payroll self-service on the website, and enacting a new customer-focused process for payroll tax audits.

OSR has also developed a prototype for a consolidated website, and worked with Service NSW to help improve customer service through customer feedback and sharing staff ideas.

Innovating property tax administration with the e-Property program

OSR's e-Property program is transforming property revenue processes for OSR customers and agents, moving from manual and paper to fully digital processes.

In 2015-16, as part of the e-Property program, OSR decommissioned faxes and cheques in favour of electronic funds transfer and enhanced the e-Conveyancing program, allowing for electronic contracts and signatures. OSR has also provided Electronic Duties Return (EDR), self-service digital enhancements and expansion for practitioners to process 100 per cent of EDR enabled documents. Digital collection of additional information on property transfers for the Commonwealth was also

enabled during the year, and changes were delivered to support the introduction of the foreign investment surcharge.

Expanding the Work and Development Order program

Over 2015-16, OSR expanded the Work and Development Order program that protects vulnerable customers. Work Development Orders (WDOs) give vulnerable people the chance to clear their fine debts by engaging in unpaid work or educational and therapeutic programs through an approved organisation. OSR worked with NSW Corrective Services to encourage a socially responsible approach to assist inmates with fines debt, including the use of WDOs where appropriate.

Expanding the Aboriginal Outreach program

OSR's Aboriginal Outreach program is designed to engage vulnerable indigenous customers to help them resolve and manage their fines. OSR works with stakeholders to provide advice on legislation and compliance, and coordinates stakeholder meetings and forums to present information and education on legislation, compliance, services and initiatives.

In February, staff from OSR's Education and Outreach Programs headed to Far West NSW to launch a literacy pack tailored to the Aboriginal community.

Migrating NSW Government agencies to GovDC

OSR relocated its Parramatta data centre to GovDC at Silverwater as part of the NSW Government's data centre consolidation strategy. The move was complex and logistically challenging: 23 servers were converted from copper to high speed fibre interfaces, and 135 devices were transported, unpacked and re-mounted, with more than 1,400 network connections and 550 network configuration changes.

2.3 Delivering modern, balanced regulatory services

Better Regulation

Collaborative regulatory services

In May and June 2016, three pilot projects were conducted as a proof of concept to determine the benefit of joint agency inspections between Fair Trading and SafeWork. The pilots explored ways to improve the customer experience, through an integrated approach that provided clear and consistent information, and to make it easier for businesses to comply with their obligations. The results showed that business experienced a significantly improved customer experience and will enable the Commerce Regulation Program to continue to work with agencies to design co-regulatory approaches for risk-based strategically targeted inspection programs.

Regional hubs of knowledge

Regional hubs of knowledge were initiated to increase the economic competitiveness of NSW through effective regulation and regulatory practices using a collaborative approach that protects the community and minimises the cost of doing business.

The aim is to improve regulatory capacity in regional NSW through the co-location of Fair Trading and SafeWork offices. Both agencies have co-located at Orange, Goulburn and Port Macquarie with a focus on co-locating at Coffs Harbour, Albury, and Wollongong in phase one. Phase two will include Wagga Wagga, Dubbo, Tamworth and the scoping of Lismore/Ballina.

The co-location project will result in the closure of SafeWork counter services, which will be transferred to Service NSW. (Fair Trading counter services are already provided by Service NSW.)

Better Regulation Division stakeholder engagement strategy

BRD developed a stakeholder engagement strategy based on data from stakeholder interviews, forums and independently run think tanks. The strategy was given to stakeholders and published on BRD's websites, and is now being fully implemented.

NSW Fair Trading

Regulating safe installation of smart electricity meters

Fair Trading will assume responsibility for regulating the safe installation of smart electricity meters from 1 July 2016. Ahead of this, Fair Trading designed an assurance and inspection program that allows real time notification of installation information, and for the low cost submission of compliance certificates. The program is supported by risk-based auditing and inspections of installation work to ensure safety.

Strengthening real estate industry regulation

Fair Trading realigned its services to establish a dedicated Real Estate and Property Division focused on increasing industry standards and providing early dispute resolution for owners, tenants and agents.

The new division oversaw the implementation of new laws aimed at preventing real estate agents underquoting selling prices in vendor agreements, advertisements or statements about a property for sale. This requirement took effect from 1 January 2016 under the *Property Stock and Business Agents Act 2002*.

The amended laws support home buyers to receive accurate price information, preventing them from incurring costs for building inspections and legal services for properties that they cannot realistically afford. Agents must provide evidence of how they arrived at the estimated selling price, ensure that price estimate remains current, and maintain accurate records of price information that they provide to prospective home buyers. The penalties for underquoting were increased to include possible forfeiture of fees and commissions from the sale of a property.

New laws were also introduced to identify properties affected by loose-fill asbestos insulation and to protect NSW residents, workers and communities. The amendments include:

- a publicly available Loose-fill Asbestos Insulation Register of NSW properties known to contain loose-fill asbestos insulation and mandatory tagging of these properties
- a requirement for landlords and agents to disclose as a 'material fact' the presence of loose-fill asbestos insulation in a residential property
- inclusion of properties listed on the Loose-fill Asbestos Insulation Register on Section 149 (2) planning certificates under the Environmental Planning and Assessment Regulation 2000.

Reducing red tape

Fair Trading initiated a number of measures to reduce red tape. These included:

- repealing of the *Valuers Act 2003* on 1 March 2016, removing licensing obligations in the sector as recommended by the Independent Pricing and Regulatory Tribunal's report [Reforming licensing in NSW](#).
- enacting the Conveyancers Licensing Regulation on 1 September 2015 to allow non-practising licence holders to retain their licence without the financial burden of arranging and paying for mandatory insurance.

Improving regulation of the construction industry

On 1 July 2015, Fair Trading took responsibility for the Building Professionals Board (BPB) from the Department of Planning and Environment. This move was designed to enhance coordination of

service delivery and regulatory functions for the NSW construction industry. BPB staff were transferred to Fair Trading's Home Building Service in Parramatta.

ICT and Digital Government

Enabling the collaborative economy

Released in January 2016, the NSW Government position paper on the Collaborative Economy supports innovation, fit-for-purpose regulation, consumer safety, competition and an agile approach to government procurement. This will drive competition and better value for money in NSW Government agencies delivering a flexible approach to regulation.

Data Analytics Centre data sharing

Enactment of the *Data Sharing (Government Sector) Act* in November 2015 supported data sharing between agencies and with the NSW Data Analytics Centre (DAC), enabling innovative data analytics projects to be undertaken.

Land and Property Information

Reforming strata legislation

LPI and Fair Trading undertook an extensive review of strata legislation, which led to major reforms passing through the NSW Parliament: the *Strata Schemes Development Act 2015* and the *Strata Schemes Management Act 2015* in October 2015. The Acts delivered a major reform of strata laws, providing a modern and more flexible framework for those living in strata schemes and improving the management of those schemes.

Regulations to the Acts are being finalised, and it is expected that the new laws will commence by the end of 2016. As part of the reform package, LPI and Fair Trading are jointly reviewing community schemes legislation, which will result in the drafting of new legislation.

Protecting property buyers

The *Conveyancing Act 1919* was amended to provide legal protection to purchasers who have entered into 'off the plan' property contracts which include 'sunset clauses'. These amendments, which commenced in November 2015, address the community concerns that some developers were using sunset clauses in contracts to terminate contracts for financial gain. The provisions aim to prevent developers from unreasonably rescinding off the plan contracts for residential property under a sunset clause.

Aquaculture lease survey reform

LPI reviewed and rewrote the Surveyor General Direction No. 13 Aquaculture Lease Surveys, published on 24 November 2015. This Direction was rewritten to enable a surveyor, who is providing a service to lease holders, to undertake lease surveys in NSW that will comply with NSW Department of Primary Industries, Fisheries NSW, and the Surveyor General's requirements.

Property and Housing Group

Consistent with Property Asset Utilisation Taskforce (PAUT) principles, PHG awarded an integrated outsourced property asset management contract to Jones Lang LaSalle. This new contract will enable Government to save close to \$12 million over its five year term.

2.4 Strengthening public sector finance and the wider NSW economy

Better Regulation

Spring Clean Bill

In addition to the legislative program, Regulatory Policy branch oversaw a 'spring clean' Bill that repeals Acts or parts of Acts considered to be obsolete or unnecessary. In this way there is a structured approach to identifying and removing regulatory burdens on business and the community. For example, in 2015, property valuers were transitioned from a registration requirement to the general law, saving the industry \$800,000 in fees.

ICT and Digital Government

Prequalification scheme

The NSW Government has improved access to government contracts for Small and Medium Enterprises (SMEs) by moving to prequalification schemes which make it easier for SMEs to participate in the Government's supplier base. Red tape was reduced by aligning the amount of information requested from businesses to the size, complexity and risk of the engagement. There are now in excess of 6,500 SMEs registered on whole of government schemes, an increase of 15 per cent on previous years' figures. Expenditure data indicates that greater than 45 per cent of government business is now with SMEs.

DFSI is implementing 10 procurement savings initiatives projected to deliver \$436 million in direct cost savings to the NSW Government over four years.

New arrangements are in place to ensure consulting and advisory services engaged by NSW Government agencies are of the highest quality and will deliver better value.

Rethinking public sector investment through the DAC

The DAC is developing approaches to understand community composition and community vitality to better target government services, plan long term infrastructure investments (in transport, schools, hospitals, water and electricity), and ensure appropriate compliance of building infrastructure.

Efficient data centres

By using the GovDC data centres compared to agency-built data centres or commercial leased facilities, the government has benefited by \$9.8 million in 2015-16. The data centres achieved a NABERS 4.5 star rating for energy efficiency and the savings in the cost of carbon emissions for the year is approximately \$400,000. The data centres have also brought employment to the NSW economy, including the Illawarra region.

Property and Housing Group

PHG continued to improve the management of Government's property portfolios, so that they were better utilised and maintained and there was greater strategic planning across public sector property assets. In 2015-16, PHG:

- recycled an estimated \$432 million in assets, which helped to increase housing supply, deliver better infrastructure and improve frontline services
- delivered 130 transactions for its government clients, exceeding customer and market expectations. These included the sale of land at Stanhope Gardens for \$31 million and a further 13 surplus properties for \$33.8 million for the Department of Education
- delivered increased housing supply, better infrastructure and improved frontline services from the sale of non-core assets, including those at Millers Point

- delivered a plan to develop 32 Mann Street, Gosford, supporting the Government's Decade of Decentralisation policy and enabling the relocation of over 300 DFSI jobs – contributing to the revitalisation of Gosford's economy
- developed reforms to the ownership and management of government property, which will ultimately encourage better asset management among agencies
- established a dedicated place management division as part of the SHFA integration, protecting and enhancing heritage in our precincts, including new investments in The Rocks and Darling Harbour.

Additionally, as part of PHG:

- Waste Assets Management Corporation hosted several gas-to-energy facilities at its landfill sites and was a joint-venture partner in a renewable energy generation business at Eastern Creek Waste Management Centre. Sufficient energy to power 10,000 households was generated on-site, Green Credits were created and greenhouse gases were destroyed.
- Teacher Housing Authority's strategic asset plan was underpinned by an asset recycling approach, which offered teachers greater choice for where they can live, enhanced their experience in the bush, and improved asset utilisation. In rural areas, new residential accommodation must be provided in areas teachers prefer to live and, in remote areas, new residences replace those that are at the end of their economic lives.

Office of the Secretary

The Central Policy Office (CPO) worked with divisions to improve the quality and consistency of advice to the Ministerial offices on all ERC submissions. It also undertook a review of the Mine Subsidence Board and the Government Records Repository to consider opportunities for future reform of the businesses.

The CPO also supported divisions in drafting Cabinet and ERC submissions: Service NSW for the "Strategic Roadmap"; OSR for "Consolidation of debt recovery"; Government and Corporate Services for 2016-17 GovConnect projections and LPI for e-Conveyancing.

The CPO is supporting the establishment of a new "commissioning and contestability" unit in NSW Treasury in 2016, see comments above in 2.2 Innovating and transforming the way government operates.

Office of State Revenue

Collecting record crown revenue

Over 2015-16, OSR collected total crown revenue of \$27.1 billion. This record revenue is attributable to a strong NSW economy coupled with a continued drive for efficiency through digital and innovative solutions.

Strengthening NSW's debt performance

OSR experienced a record increase in revenue, up 9.7 per cent from last year, and an increase in the value of crown fines debt referred for enforcement, up 13.1 per cent from last year. Despite this significant increase in volumes, debt performance has been strong, reflected in the ratio of debt to revenue collected falling from 5 per cent to 4.6 per cent.

Developing a three-year strategic roadmap for whole of government debt collection

OSR developed a roadmap incorporating controls, governance, write-off delegations and business rules for the management of criminal and civil debts. The first phase of this roadmap was realised when OSR brought on board non-emergency NSW Health transport debt, including the issuing of notices and collections.

2.5 Making DFSI a great place to work

The Great Place to Work program

The Great Place to Work program was established in 2015-16 as a portfolio of projects across workplace, technology, culture and leadership. The program is supported by a staff engagement strategy that includes focus groups and site visits. Early initiatives included Women in Leadership, Leadership Essentials and a centrally-placed technical help desk. The Great Place to Work program provides a foundation across the core areas that all DFSI divisions can build on to create a high-performing culture.

People and Culture supported making DFSI a great place to work through the following programs:

- reinvigorated the Orientation Day Program
- introduced Flagship Leadership Program – supporting DFSI’s transformation and commitment to innovative best practice and development of current and future leadership capabilities
- introduced Leadership Academy Programs – for executives and managers
- introduced Leadership Essentials Program – increasing leadership capability of DFSI people leaders and ensuring a high performance culture
- launched Women in Leadership Program in 2016 – senior executive women will participate in Australian Institute of Company Directors development program in 2016
- launched Disability Inclusion Action Plan in December 2015
- implemented DFSI Pulse Survey and managed People Matter Employee Survey process across DFSI
- began a major review of the DFSI Safety Management System in 2015-16 to incorporate and enhance safety and culture of DFSI
- managed consultative process for new DFSI-wide Flexible Works Hours Agreement to be introduced 19 September 2016
- launched myCareer, an online staff development, learning and performance management system
- rolled out executive reform process across DFSI.

There is more information about these initiatives in Appendix 6.7 Diversity and inclusion policies and services, Appendix 6.8 Employment relations policies and practices and Appendix 6.21 Work health and safety and injury management.

Implementation of *Government Sector Employment Act 2013*

The department continued its implementation of the *Government Sector Employment (GSE) Act 2013*.

LPI, OSR and BRD all made organisational changes to ensure they were compliant with the GSE Act.

Change champions

OSR established a change champions group, comprising more than 100 staff, to provide an active link between OSR’s Executive and staff throughout its customer transformation journey. The change champions played an important role in facilitating two-way communication in OSR, sharing positive experiences, disseminating information, providing feedback and consulting with business areas to formulate change recommendations on improving customer service.

Workforce mobility pilot

A Temporary Assignment Allowance and Mobility at Grade Register was trialled in OSR's Fines Enforcement Branch. This has made it easier for staff to be given career development opportunities by linking the process to their performance development plans.

DFSI ICT

DFSI ICT was a major contributor to making DFSI a great place to work by implementing improved, integrated, fast, reliable, user friendly and collaborative systems and technology. During 2015-16, DFSI ICT upgraded the core repository of government records. The upgrade introduced enhancements to support staff in working digitally, including a web interface, greater support, and ability to integrate with Microsoft SharePoint. The upgrade also supports a new solution for electronic management of briefing notes and ministerial information requests.

In addition, DFSI ICT preserved (archived) almost 40,000 Fair Trading files, which decreased the amount of paper across DFSI and improved the ability to find key information. DFSI ICT is implementing a project to deploy guest Wi-Fi and network connectivity within DFSI. Once delivered, the project will enable both corporate and guest users to access a common Wi-Fi infrastructure and network connectivity. Users will be able to work seamlessly from any DFSI office.

Office of the Secretary

The Central Policy Office implemented a strategy to ensure DFSI is a smart buyer of consultancy services. It also commenced projects on removing legislative barriers to digital government (with ICT and Digital Government) and civil debt enforcement (with OSR).

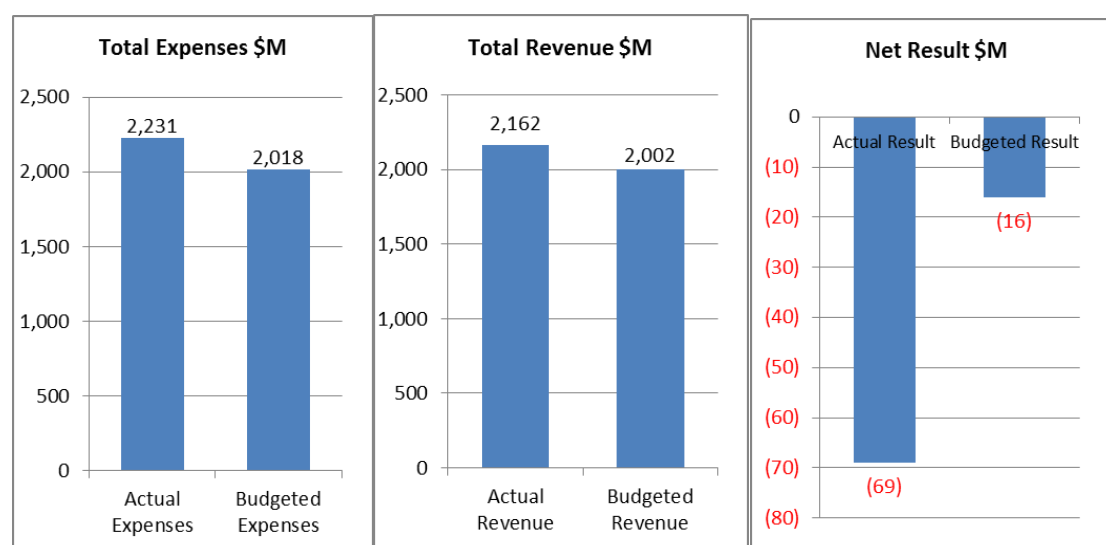
2.6 Financial highlights

Net result

DFSI's net loss for 2015-16 was \$68.5 million compared to a budgeted deficit of \$16.1 million. The unfavourable variance of \$52.4 million is predominantly due to end of year adjustment for asset write downs of \$15 million, reassessment of provisions resulting in an increase in the allowance for impairment of debtors by \$8 million and higher redundancy provisions of \$15.8 million.

DFSI's operating expenditure (including gain/(loss) on disposal and other gains/(losses)) was \$212 million higher than the approved budget of \$2,018 million.

Total expenses (including gain/(loss) on disposal and other gains/(losses)) \$M



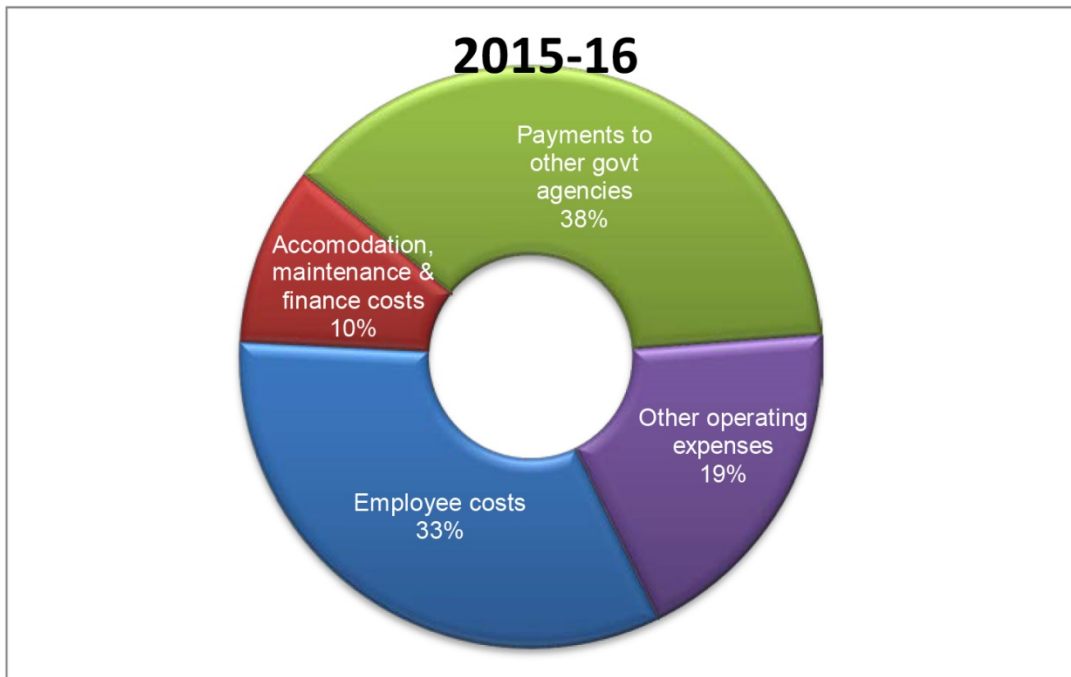
Total expenses were higher than budget, mainly attributed to the following:

- other operating expenses: higher costs arising from ongoing reforms including redundancies as well as costs associated with the new outsourced service provider
- end of year adjustments for asset write downs and the reassessment of provisions resulting in an increase in the allowance for impairment of debtors
- higher costs associated with particular grants, for example the Jobs Action Plan Payroll Tax Rebate
- other operating expenses: inclusion of SafeWork NSW in 2015-16 which was not included in budget

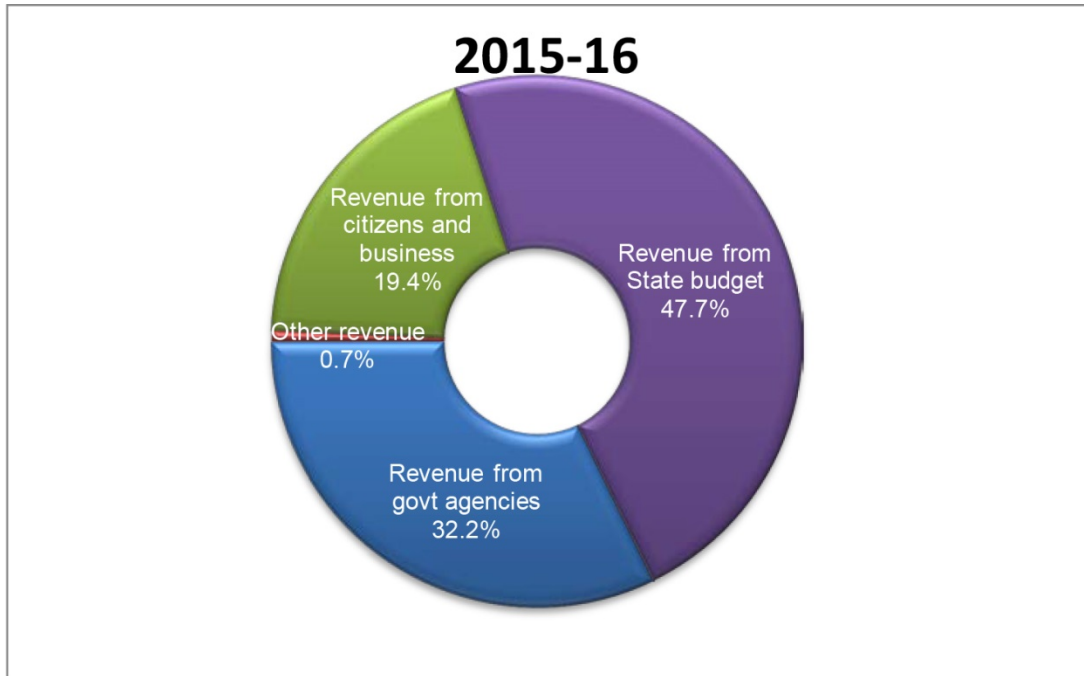
Increase in revenue was largely due to:

- recurrent appropriations: increased mainly due to OSR's Jobs Action Payroll Tax Rebate, natural disaster reliefs, Service NSW's Easy to do Business program and digital licence and site closures.
- retained taxes, fees and fines: increased mainly due to the nominal insurance revenue from SafeWork NSW which was only established within DFSI in the current financial year and therefore was not included in the budget; as well as from the NSW Fair Trading statutory interest received, building licence fees and motor dealer compensation funds.

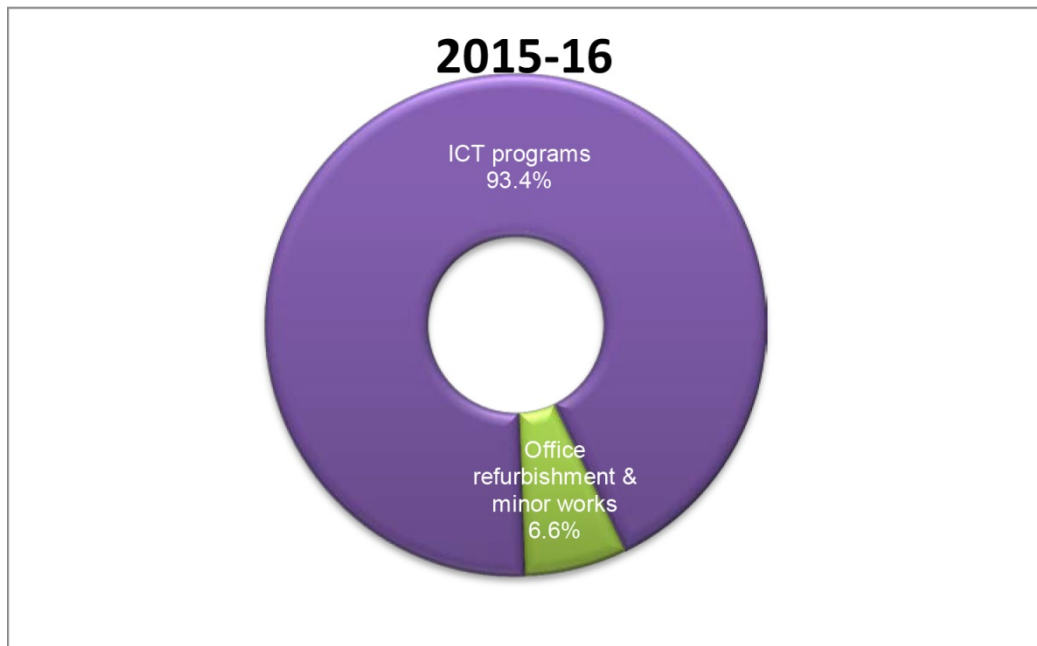
DFSI's expenses by major categories



DFSI's revenue by major categories



DFSI's capital expenditure by major categories



3. Corporate performance

3.1 Strategic priorities

The key priorities of the NSW Government are presented in the form of 12 Premier's Priorities and 18 State Priorities. DFSI has lead accountability for one Premier's Priority: "Improving government services" which aims to improve customer satisfaction with key government services every year in this term of government. We also have lead accountability for two State Priorities: making NSW the easiest state in which to start a business, and to have 70 per cent of government transactions conducted via digital channels by 2019.

These Premier's and State Priorities were the lead strategic priorities for DFSI, however the department also delivered programs and services that contributed to a number of other Premier's and State Priorities, and included:

- driving public sector diversity - increase the number of women and Aboriginal and Torres Strait Islander people in senior leadership roles.
- encouraging business investment - be the leading Australian state in business confidence
- protecting our credit rating - maintaining the AAA credit rating
- delivering strong budgets - expenditure growth to be less than revenue growth
- increasing cultural participation - increase attendance at cultural venues and events in NSW by 15 per cent by 2019.

The DFSI Corporate Plan 2015-16 aligned the government's commitments and priorities, including NSW: Making It Happen, and the suite of DFSI business, service and corporate enabling plans. The corporate plan outlined five organisational outcomes that guided DFSI's work:

- providing efficient and connected services to citizens, business and government
- innovating and transforming the way government operates
- delivering modern, balanced regulatory services
- strengthening public sector finances and the wider NSW economy
- we are a great place to work.

Success against each of the five organisational outcomes was measured through a total of 14 key performance indicators that gave a high-level snapshot of the department's strategic performance. These indicators, and performance against them, are in section 3.3 Performance review.

Greater detail on the specific project and initiatives that contributed to each of these outcomes can be found in the Highlights and achievements section of the report.

3.2 Corporate performance management

In October 2015, DFSI established a Strategic Program and Performance Management Office (SPPMO) within the newly formed Office of the Secretary, to provide a greater level of rigour in strategic and business planning, investment prioritisation, portfolio, program and project management, and performance monitoring. The SPPMO administered an enterprise-wide portfolio management framework for major projects, programs, reforms and initiatives. The framework provided the DFSI Executive with a consolidated view of the business change landscape. Monthly and quarterly project

health status reporting identified and highlighted associated project status, estimated dates of completion, issues and risks.

The SPPMO was directly accountable for delivery of a small number of cross-cluster programs that were high-risk and/or high-profile. The SPPMO was also responsible for the delivery of a cluster portfolio consisting of the Premier's and State Priorities, election commitments, whole of government obligations and the key initiatives and projects in DFSI's corporate plan.

Strategic planning and performance framework

The DFSI strategic planning and performance framework is a suite of key corporate and divisional plans, reporting mechanisms and performance management tools that outline and enable the delivery of short, medium and long-term objectives and strategies to support the delivery of NSW Government and corporate priorities. The planning and performance framework improved accountability and transparency and supported an achievement-focused organisation. It included the:

- NSW: Making It Happen priorities and other whole of government strategies and plans
- DFSI Corporate Plan
- Total Asset Management (TAM) Plan
- strategic corporate functional plans to manage corporate services delivery, that included the DFSI People Plan, the DFSI ICT Strategic Plan and the DFSI Procurement Strategy
- annual operational plans that detailed each division's (or business unit's) goals, objectives and accountabilities, aligned to the Corporate Plan
- individual work plans and performance development plans.

DFSI monitored and reported on performance through:

- regular external reporting to NSW Government agencies and the public on governance, financial, services and project delivery and other measures
- monthly reporting on the DFSI Corporate Plan delivery to the DFSI Executive
- reporting to specific governance bodies, such as the quarterly Audit and Risk Committee
- quarterly performance reviews that covered divisional strategic, project and operational performance
- monitoring of senior executive services performance agreements
- individual performance goals and achievement through the myCareer and myPerformance platforms.

DFSI had procedures in place to monitor the outcomes of internal and external performance reviews, reports and inquiries. These included monitoring and reporting on:

- internal and external audit recommendations, including Audit Office Management Letter recommendations and performance audits
- other recommendations made to DFSI from external bodies, including: ICAC; the Coroner; reviews by external consultants.

3.3 Performance review

As at 30 June 2016, of the 47 programs, projects and initiatives in the DFSI Corporate Plan portfolio:

- seven (15%) were completed in 2015-16
- 26 (55%) were 'on track' (all 2015-16 milestones met with the program continuing into 2016-17 as planned)
- 11 (23%) were 'at risk' (slight delay in schedule or minor budget issues)
- two (4%) were 'off track' (significant delay and/or budget issues, or delivery risk)
- one (2%) had been deferred or cancelled, reflecting a change in government or departmental priorities. This item was delivering Wi-Fi in strategic harbour precincts.

For detail on some of those key programs, projects and initiatives, see section 2 Highlights and Achievements.

An overview of the progress against DFSI's Corporate Plan Key Performance Indicators is provided in the table below.

DFSI Outcome	Key Performance Indicator	Unit	Target	Actual		
				2013-14	2014-15	2015-16
Providing efficient and connected services to citizens, business and government	¹ Improve customer satisfaction with key government services, every year.	NSW Government Customer Satisfaction Index (Consumers)	Upward trend	~	76.7	78.7
		NSW Government Customer Satisfaction Index (Businesses)	Upward trend	~	76.6	78.4
	² Expand the number of government services available through Service NSW to enhance the single point of contact for government service delivery.	% of NSW Government agencies that Service NSW provides services for	Upward trend	48%	63%	78.3%
Innovating and transforming the way government operates	70% of government transactions to be conducted via digital channels by 2019.	% of all transactions delivered through Service NSW that are delivered through digital channels	70% by 2019	32%	37%	43%
	Increase the proportion of NSW Government ICT infrastructure consolidated within GovDC.	kW of capacity signed up by tenants in GovDC	Upward trend	1280 kW	1892 kW	2650 kW
Delivering modern, balanced regulatory services	³ Decreased regulatory costs for businesses and the community, as per the NSW Red Tape Reduction program.	\$ (Red Tape Reduction program savings)		\$259.2M	\$326.4M	\$164.3M
	Reduced workplace fatalities and serious injuries in NSW.	⁴ No. (Fatalities)	71	63.0	Available in Oct 2016	~
		⁵ Claims per 1,000 employees (Serious injuries)	12.29	10.0	Available in Oct 2016	~
	⁶ Increased proportion of people within relevant schemes who are supported to return to employment or study.	%	Upward trend	78%	~	82%
	Improve affordability of CTP premiums and share of premiums paid to injured road users, over time and compared to other States.	⁷ % (of Average Weekly Earnings)	35%	~	~	37%

DFSI Outcome	Key Performance Indicator	Unit	Target	Actual		
				2013-14	2014-15	2015-16
Strengthening public sector finances and the wider NSW economy	Increased proportion of all state revenues owing that are collected.	%	80%	93.7%	94.7%	95.3%
	⁸ Increased savings returned to government through targeted procurement reforms.	\$		~	~	\$40.3M
	Value of property assets recycled.	\$	\$500M (2015-16)		\$347M	\$425.5M
We are a great place to work	⁹ Improved DFSI staff engagement.	%	Upward trend	64.7%	~	Available in Oct 2016
	¹⁰ Exceed Government employment targets for:					
	Women in senior Government positions	%	50% by 2025	31.8%	32.8%	35.8%
	Aboriginal and Torres-Strait Islanders	%	2.6%	1.6%	1.5%	2.5%
	People with a disability	%	1.5%	1.9%	1.7%	1.6%

Notes

- 1 Derived from the NSW Customer Satisfaction Index 2016 for Consumers and Businesses
- 2 Based on % of agencies SNSW provided direct services for
- 3 Red tape reduction target is currently based on the annual total savings delivered from the DPC website. Savings numbers are for calendar years. A new KPI is being developed to capture this measure more effectively.
- 4 Derived from the Australian Strategy targets for Safe Work Australia, to reduce by 20% the number of worker fatalities due to injury, between the base period (2007 to 2010) to 2020-22, three-year rolling average. The target of 71 for this measure is derived from a linear extrapolation of the reduction required by 2013-15. The current result of 63 for 2012-14 means that NSW is tracking ahead of the target.
- 5 Derived from the Australian Strategy targets for Safe Work Australia, to reduce by 30% the incidence rate of claims resulting in one or more weeks off work, between the base period (2009-10 to 2011-12) to 2021-22. The target of 12.29 for this measure is derived from a linear extrapolation of the reduction required by 2014-15. The current result of 10 for 2013-14 means that NSW is tracking ahead of the target.
- 6 Taken from Safe Work Australia current Return to Work rate. Data captured on a bi-annual basis.
- 7 CTP premiums (all passenger vehicles) as a % of average weekly earnings
- 8 Taken from YTD Savings (June 2016) for the Procurement Benefits Program, data for previous financial years were not available as agencies were responsible for achieving their own procurement savings targets.
- 9 Taken from the Public Service Commission's People Matter Employee Survey
- 10 Data prior to 2015-16 has not been adjusted to take into account changes in departmental structure or machinery of government

4. Corporate governance

4.1 Governance principles and framework

DFSI had a collaborative governance model that provided broad corporate oversight across the department, and covered areas such as corporate finance, corporate planning and performance, governance and risk, internal audit and a network of project and program management offices.

DFSI had in place the following governance principles:

- clear roles and responsibilities
- transparent and accountable decision making
- effective, efficient and ethical decision making
- respect for legal and regulatory requirements and high probity standards.

The primary governance body for the agency was the Executive Committee, which met regularly during 2015-16. The Executive Committee was supported by an Audit and Risk Committee, see DFSI Audit and Risk Committee below.

The following units provided additional oversight of corporate governance functions:

- Central Policy Office
- Strategic Program and Performance Management Office
- Legal and Audit
- Risk
- Corporate Finance.

There were also a number of key governance support initiatives:

- Data Evidence and Analysis Network (DEAN)
- DFSI Risk Network
- DFSI Business Continuity Management Network.

Audit and compliance

DFSI Audit and Risk Committee

During 2015-16, the department had an Audit and Risk Committee in place, compliant with *Treasury Circular TPP 15-03 – Internal Audit and Risk Management Policy for the NSW Public Sector*.

The prior Audit and Risk Committee was disbanded during late 2015. A new, Treasury-approved Audit and Risk Committee commenced in early 2016. The committee members are listed in the department's Internal Audit and Risk Management Attestation Statement in Appendix 6.18 Risk management, attestation and insurance activities.

Overall, these committees met seven times (three times in 2015 and four times in 2016) to oversee financial reporting, internal control systems, risk management, corruption prevention, compliance systems and other regulatory requirements, and the internal and external audit functions.

Internal audit

DFSI Internal Audit (IA) provides independent and objective assurance and consulting advice to management to improve the effectiveness of risk management, control and governance processes. At least quarterly, IA reports to the Audit and Risk Committees and the Secretary on the risk-based

internal audit work plan, and progress towards completion of the plan and implementation of audit issues and recommendations.

During the year, IA undertook internal audits across the whole department covering a wide range of front line services and back office support functions.

Additionally, IA undertook investigations into complaints and public interest disclosures about alleged misconduct, and provided advice to management on corruption prevention, risk and internal control improvements.

IA is accredited to the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing and meets the requirements of *Treasury Circular TPP 15-03 – Internal Audit and Risk Management Policy for the NSW Public Sector*.

External audit

The Audit Office of NSW has audited DFSI's consolidated financial statements as at 30 June 2016 and issued an unqualified audit opinion and Statutory Audit Report on 19 September 2016. The audit report highlighted the following significant governance matter.

Our shared service providers engaged an independent auditor to provide assurance to its customers on the description of controls, their design and operating effectiveness. The shared service provider received qualified assurance reports on the service organisations' description of controls, their designs and operating effectiveness relating to the following services:

- information technology
- general ledger
- accounts receivable
- fixed assets
- accounts payable.

An adverse assurance report was provided for payroll services on the description of controls, their designs and operating effectiveness for the same period.

DFSI has acknowledged the audit's assessment and included the following in its response:

DFSI has identified additional effective internal controls to mitigate the noted deficiencies, and therefore they are not considered to have a material impact on the financial information for the year ended 30 June 2016. The shared service provider, together with our Vendor Management Office, is currently working to resolve all identified control weaknesses. DFSI will be closely monitoring the shared service provider's remedial actions so as to achieve an unmodified opinion in 2016-17.

The 2015-16 Audit Report to Parliament is expected to be tabled in November 2016.

4.2 Accessing DFSI information

Government Information (Public Access) Act 2009

The *Government Information (Public Access) Act 2009* (GIPA Act) requires NSW Government agencies to make mandatory disclosures of information, encourages proactive releases of information and provides mechanisms for individuals to apply to access government information. More information on how to access departmental information is available at:

<https://www.finance.nsw.gov.au/accessing-ofs-information/how-can-i-access-ofs-information>

Statistical information relating to formal applications under the GIPA Act is provided in Appendix 6.11 Government Information (Public Access) statistics.

Review of proactive release program

Under s7(3) of the GIPA Act, agencies must review their proactive release of government information program at least once every 12 months. As a result of ongoing review, the department proactively released information about programs and initiatives, updated answers to frequently asked questions based on community feedback, and provided statistical information about business operations.

Privacy and Personal Information Protection Act 1998

The *Privacy and Personal Information Protection (PPIP) Act 1998* contains twelve information protection principles regulating the collection, use and disclosure of personal information by NSW public sector agencies. These principles ensure that agencies collect personal information for lawful purposes, and that such information is protected from misuse and unauthorised release.

NSW Government agencies are required to prepare and implement a privacy management plan in accordance with section 33(1) of the PPIP Act. Following changes to the structure and functions of DFSI during 2015-16, the department is in the process of reviewing the privacy management plan.

Additional information about how the department manages its obligations under the PPIP Act is available at <https://www.finance.nsw.gov.au/privacy-statement>.

Applications made under the *Privacy and Personal Information Protection Act 1998*

Access request applications under section 14 of the PPIP Act

In 2015-16, DFSI received no access applications by individuals requesting their personal information under the PPIP Act. However, DFSI routinely dealt with informal requests by individuals requesting their personal information.

Applications for internal review of the conduct of DFSI under section 53(1) of the PPIP Act

In 2015-16, DFSI received seven applications for internal reviews under the PPIP Act.

.

5. DFSI related entities' reports

5.1 NSW Procurement Board report

Legislation

The *Public Works and Procurement Act 1912* sets out the Government's procurement laws. The procurement laws allow agencies to manage and be responsible for their own procurement activities in accordance with accreditation issued by the NSW Procurement Board (the board).

The legislation places obligations on agencies in relation to procurement activities, including to:

- exercise procurement functions in accordance with the board's policies and directions
- adhere to the principles of probity and fairness
- obtain value for money in the exercise of procurement functions
- provide information on procurement functions to the board as requested.

Procurement Board objectives and functions

The NSW Procurement Board is the agency established to oversee procurement across the public sector.

The board's objectives are to:

- develop and implement a government-wide strategic approach to procurement
- ensure best value for money in the procurement of goods and services by and for government agencies
- improve competition and facilitate access to government procurement business by the private sector, especially by small and medium enterprises and regional enterprises
- reduce administrative costs for government agencies
- simplify procurement processes while ensuring probity and fairness.

The board's functions include:

- overseeing the procurement of goods and services by and for government agencies
- developing and implementing procurement policies
- issuing directions to agencies
- monitoring compliance by agencies with the requirements of the Act
- dealing with complaints about the procurement activities of agencies
- developing procurement and business intelligence systems for use by agencies
- collecting, analysing and publishing data and statistics in relation to the procurement of goods and services by, and for, agencies.

While the board can issue directions to agencies about the conduct of procurements or authorise them to carry out certain procurements, it does not have power to enter into contracts.

The NSW Procurement Board is subject to the direction and control of the Minister for Finance, Services and Property in the exercise of its functions.

Membership

As at 30 June 2016 the following officers were members of the NSW Procurement Board:

- Secretary, Finance, Services and Innovation (Chairperson)
- Secretary, Premier and Cabinet
- Secretary, The Treasury
- Secretary, Justice
- Secretary, Education
- Secretary, Family and Community Services
- Secretary, Health
- Secretary, Industry
- Secretary, Planning and Environment
- Secretary, Transport.

Meetings

The board held four meetings in 2015-16. It also considered matters out of session on one occasion.

Administration

The NSW Procurement Board's administrative support and its costs were met by DFSI and the agencies involved.

The board's work plan

The NSW Procurement Board's *Strategic Directions Statement Update 2015* contains the board's work plan for 2015-16. It has seven objectives:

- simplification and red tape reduction
- industry engagement
- innovation
- maximising opportunities for small and medium enterprises
- strategic and agile procurement
- effective category management across government
- support agencies in a devolved environment.

As at 30 June 2016 all 122 actions were complete or underway.

Major activities undertaken in 2015-16 included:

- creating a new principles-based Travel and Transport Policy
- establishing a new framework for the engagement of major consulting and other professional services
- implementing 10 procurement reforms designed to deliver \$436 million in benefits to agencies and suppliers over the next four years
- recognising open Australian Standards as a base for contracting, particularly around major infrastructure works
- implementing the Aboriginal Participation in Construction policy

- introducing a policy to require agencies to set targets for the engagement of apprentices and trainees on construction projects over \$10 million
- accelerating digital platforms, including payment reforms designed to ensure that small business gets paid faster and with less red tape.

A new work plan was approved by the board to commence from early 2016. Implementation of the actions under this work plan is underway.

The NSW Procurement Board's work plans are available from the [ProcurePoint website](#).

Procurement Policy Framework

The Procurement Policy Framework was developed by the Procurement Leadership Group for use by agencies and suppliers to government.

The Government's devolved model for procurement takes a less prescriptive approach than previous procurement policy. To this end, mandatory requirements within the Procurement Policy Framework are kept to a minimum. Additional material with the Procurement Policy Framework is provided as guidance, representing the NSW public sector's better practice for procurement.

Agency procurement accreditation scheme

The Government's devolved model for procurement is based on the principle that procurement is more efficient and effective if led at agency-level, provided agencies are properly equipped to plan, undertake and monitor procurement activities. Accordingly, in August 2012 the Procurement Board approved its Agency Accreditation Scheme for Goods and Services Procurement.

Under this scheme, NSW Government agencies are able to undertake different levels of goods and services procurement based on assessed capability. The scheme aims to:

- ensure procurement capability across NSW Government agencies
- connect agency procurement needs and requirements across government, and
- provide visibility of procurement activity and capability centrally and within agencies.

The Scheme's objectives are to:

- benchmark capability to undertake best procurement practice and provide a framework for continuous improvement
- reduce costs and manage risks through effective aggregation and improved procurement capability
- extend category leadership to lead buyer agencies as appropriate
- provide visibility of agency procurement activity through reporting by accredited agencies.

By 30 June 2016, 31 NSW Government entities held accreditation under the scheme. Combined, these agencies and other bodies accounted for more than 98 per cent of all expenditure on goods and services. The [ProcurePoint website](#) lists accredited agencies.

Statutory reporting requirements

The NSW Procurement Board has a statutory requirement to report details of any directions given to the board by the Minister for Finance, Services and Property. The Minister gave the board no directions during 2015-16.

Board subcommittees and advisory groups

The board is able to establish subcommittees and advisory groups to assist the board under section 167 of the Act. The board is supported by the Procurement Leadership Group, the Construction Leadership Group and procurement category working groups.

Procurement Leadership Group

The NSW Procurement Board established the Procurement Leadership Group (the group), comprising senior procurement executives drawn from across the NSW public sector. The group supports and advises the board. Another important purpose of the group is to achieve and maintain consistent approaches to procurement across agencies and senior procurement leadership within agencies.

During 2015-16 the group met on 10 occasions. It also considered matters out of session on one occasion.

Construction Leadership Group

The NSW Procurement Board established a governance framework for Government construction procurement policy through the Construction Leadership Group (the group), comprised of senior executives drawn from across the NSW public sector. The group supports and advises the board. Another important purpose of the group is to achieve and maintain consistent approaches to construction procurement across agencies and senior procurement leadership within agencies.

The group met on eight occasions in 2015-16. It also considered matters out of session on one occasion.

Procurement category working groups

The board has established category working groups around particular procurement categories. These cross-agency groups have or are devising strategies for purchases across the broad areas of energy, fuel, travel, ICT, workplace supplies, contingent workforce, business advisory services, legal services, fleet, construction and facilities management procurement. Category plans are published on the [ProcurePoint website](#).

Procurement Board directions

The NSW Procurement Board has the power to issue directions that set rules and guidelines for the procurement of goods and services by government agencies.

All NSW Procurement Board directions, including withdrawn directions, are available from the ProcurePoint website.

Procurement Board delegations

In December 2012, the NSW Procurement Board delegated the governance of procurement of ICT goods and services to the NSW ICT Board. This is designed to ensure that the ICT policies and strategies endorsed by the ICT Board are implemented with the right mix of procurement activity and contracts. In this case 'ICT goods and services' include hardware, services, networking, software, and telecommunications which constitute the ICT procurement category.

The ICT Board is an administrative body comprising the secretaries of the principal government departments, as well as the Chair of the ICT Advisory Panel.

Complaints

The board deals with complaints about NSW Government procurement arrangements, including tendering and contracts.

During 2015-16, the NSW Procurement Board received two complaints in relation to procurement within the Government. Both complaints were referred to the relevant agency in accordance with the board's complaint handling policy. The board also concluded dealing with a complaint lodged in 2014-15.

5.2 Waste Assets Management Corporation annual report

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

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

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

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

The functions of WAMC have been consolidated with Property NSW, the Government's property and place making specialist.

Operations

In parallel with the sale of the Waste Recycling and Processing Corporation (trading as WSN Environmental Solutions) to the private sector (SUEZ/SITA Australia), various assets, rights and liabilities of the former WSN were vested in WAMC effective from 31 January 2011. Under those arrangements, WAMC took ownership of certain of WSN's landfills and other sites, plant and equipment located at those sites and, in some cases, contractual obligations and liabilities associated with those sites. WAMC conducts its operations to achieve the following objectives:

- maximise efficiency of its landfill operations and other commercial activities
- protect the environment in compliance with the *Protection of the Environment Operations (POEO) Act 1997*
- maintain a strong working relationship with all stakeholders
- ensure sound operating practices that deliver safe and healthy workplaces for employees, customers and visitors to its sites.

The landfill sites vested to WAMC are either closed or approaching closure, and all have the potential to impose significant environmental impacts. Some closed sites are currently public recreation space and others are likely to become public amenities in future.

WAMC provides specialised operational management in the following areas:

- operating one open landfill site at Eastern Creek 2, and managing its rehabilitation and maintenance, post-closure

- managing the rehabilitation and maintenance of eight closed landfill sites at Thornleigh, Merrylands, Grange Avenue, Eastern Creek 1, Castlereagh, Harrington Quarry, Belrose and Lucas Heights 1
- monitoring and managing leachate treatment facilities at both the open and closed landfill sites
- managing joint venture landfill gas and energy systems to supply electricity into the grid as a sustainable and renewable energy source.

WAMC received 597,200 tonnes of solid waste materials at its operating landfills during the reporting period, which was three per cent above the budgeted volume of 580,000 tonnes (WAMC's customers delivered additional tonnes to meet its commercial and operational objectives).

Administration

DFSI provides administrative support to WAMC.

Annual reporting requirements, including audit, financial reporting, human resources data and risk management information, are included in the DFSI annual report.

WAMC's *Government Information (Public Access) Act 2009* and *Privacy and Personal Information Protection Act 1998* statistical information for 2015-16 is summarised in this report.

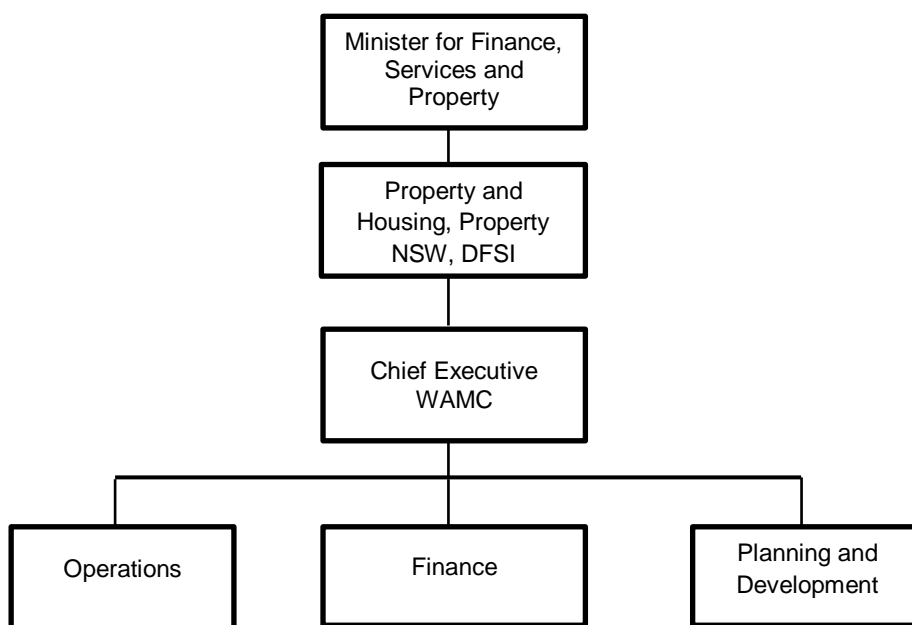
At 30 June 2016, 34 DFSI staff positions were allocated to WAMC, including personnel with expertise in landfill engineering and management, technical, environmental, planning, construction, financial and contract management.

Employee numbers are recorded under Property and Housing Group in the DFSI annual report. Details of the number of senior executives and their remuneration are recorded in the DFSI annual report.

Key personnel are:

Position	Name
Chief Executive	Adam Howarth
Finance Manager	Phillip Stam
General Manager Operations	Chris Northey
Technical Manager	Sinnarajah Chandramohan
Gas and Leachate Manager	Ezio Di Giovanni

Organisation chart as at 30 June 2016



Financial management

WAMC operates a cash-neutral cost recovery financial model over the life of its landfill operations and energy generation phases and is intended to neither make material profits nor return dividends to the NSW Government. WAMC's sources of revenue are through its operational landfill activities, gas to energy sales and Green Credits sales. Rehabilitation of closed landfills is funded through the WAMC Landfill Rehabilitation Fund (LRF), as established under Section 7 of the Act. During the year to June 2016, WAMC's rehabilitation liabilities were reassessed to take into account recent falls in long term interest rates, regulatory changes and levels of future rehabilitation activities. WAMC's financial statements, including its rehabilitation liabilities, for 2015-16 are included in the financial statements section of the DFSI Annual Report.

Landfill Rehabilitation Fund

In January 2011, the LRF received funding of \$48.9 million from sale of WSN proceeds, which is estimated to meet all current and future closed landfill rehabilitation liabilities.

The LRF is currently invested in compliance with Treasury Circular TC15-01 (Treasury Banking System). The fund is restricted cash and therefore, outside the scope of TC15-01. WAMC has prepared an investment policy for the LRF with the objective of increasing returns on LRF funds while complying with the *Public Authorities (Financial Arrangements) Act 1987*. Policy is currently under review. In the meantime, the LRF is invested within the Treasury Banking System.

Environment and safety

WAMC holds third-party certification for compliance with ISO 14001:2004 (Environment) and AS/NZS 4801:2001 (Occupational Health and Safety) management systems.

This accreditation supports WAMC's objectives of providing a safe work environment for staff and customers, implementing sound environmental practices and securing improved environmental outcomes for the business and the community.

Renewable energy

Generator stations at WAMC's landfill sites generate 100,000 MWh (megawatt hours) of renewable energy annually by processing gas generated and captured from within the landfills. Green Credits are also produced and 470,000 tonnes of climate-impacting carbon dioxide (CO₂-e) atmospheric emissions are avoided in the process.

Insurance

The NSW Treasury Managed Fund provides motor vehicle, property, public liability and miscellaneous cover for WAMC's activities.

For the 2015-16 financial year, WAMC incurred insurance premiums totalling \$288,980 (public liability cover was \$222,740). Premiums were reduced from 2014-15 and reflected an improved claims history. Claims totalling \$17,334 were accepted and paid by the NSW Treasury Managed Fund (\$168,169 in 2014-15).

Consultancies

Consultancy services to \$12,362 were provided during the 2015-16 financial year.

Payment of accounts

The table below highlights WAMC's account payment performance for 2015-16.

ACCOUNT PAYMENT PERFORMANCE 2015-2016	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL
ALL SUPPLIERS					
Value of Invoices Paid (\$'000)					
Paid Before Due Date	23,302	23,375	24,555	22,124	93,356
<30 Days Past Due Date	37	348	267	84	736
>30<60 Days Past Due Date	1	123	4	0	128
>60<90 Days Past Due Date	3	45	0	1	49
>90 Days Past Due Date	0	0	8	0	8
Total Value of Invoices Paid (\$'000)	23,343	23,891	24,834	22,209	94,277
%Paid on Time- By Value	99%	98%	99%	99%	99%
Number of invoices Paid					
Paid Before Due Date	996	660	578	544	2,778
Days Past Due Date	17	24	59	18	118
Total Value of Invoices Paid	1,013	684	637	562	2,896
%Paid on Time- By Number	98%	96%	91%	97%	96%
Interest Paid (I)					
Number of Payments for Interest on					
Overdue Invoices	0	0	0	0	0
Interest Paid on Overdue Invoices	0	0	0	0	0

For all suppliers, the percentage of invoices paid on time for 2015-16 averaged 96 per cent by number and 99 per cent by value. Most payment delays are due to verification of technical services provision, verification of tares and logistical difficulties.

Risk management

Internal Audit and Risk Management Attestation Statement for the 2015-2016 Financial Year for Waste Assets Management Corporation

I, Paula Alvear, Acting Chief Executive, am of the opinion that the Waste Assets Management Corporation 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
Risk Management Framework		
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
Internal Audit Function		
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
Audit and Risk Committee		
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:

- Carol Holley, Independent Chair, from 2 December 2015 to 1 December 2020
- Dianne Hill, Independent Member, from 1 February 2016 to 31 January 2019
- Mark O'Sullivan, Independent Member, from 25 January 2016 to 24 January 2018.

The previous Audit and Risk Committee was disbanded with effect from 20 November 2015.

This Audit and Risk Committee has been established under a Treasury approved shared arrangement with the following departments/statutory bodies:

- Government Property NSW
- Sydney Harbour Foreshore Authority
- Luna Park Reserve Trust

- Teacher Housing Authority.

Paula Alvear
Acting Chief Executive Officer
Waste Assets Management Corporation

Date: 5/10/16

Agency Contact Officer

Andrew Pilbeam

Chief Audit Executive, 9372 8047

andrew.pilbeam@finance.nsw.gov.au

Digital Information Security Annual Attestation Statement for the 2015-16 Financial Year for Waste Assets Management Corporation.

I, Adam Howarth, Chief Executive of Waste Assets Management Corporation (WAMC), am of the opinion that WAMC has implemented an Information Security Management System during the financial year being reported on which is compliant with the core requirements set out in the Digital Information Security Policy for the NSW Public Sector.

WAMC's IT platform and other services are provided by Land and Property Information (LPI). LPI security arrangements apply in terms of system security. LPI is certified to AS/NZS ISO/IEC 27001 Information technology - Security techniques - Information security management systems.

WAMC's Business Continuity Plan was reviewed and endorsed by Property NSW's Risk and Compliance team, and approved by Anna Welanyk, Executive Director, Valuation Services, Property NSW.

Adam Howarth
Chief Executive
Waste Assets Management Corporation

Government Information (Public Access) Act

Waste Assets Management Corporation record 2015-16

No applications were received in the reporting period.

Office address

Waste Assets Management Corporation
Level 2, 10 Valentine Avenue
PARRAMATTA, NSW 2150
T: (02) 9685 4961

<https://www.finance.nsw.gov.au/waste-assets-management-corporation>

Business hours: 8.30am – 5pm
ABN 56 784 733 957

5.3 Registrar General's report

The Registrar General maintains the NSW land titles system, which underpins billions of dollars of economic activity in NSW each year. This includes the creation and maintenance of land titles records evidencing legal ownership and registered interests for land parcels and the examination and registration of plans and documents relating to land within NSW, while ensuring compliance with statutory requirements and protecting the integrity of the State's cadastre. The NSW Government guarantees security of ownership for registered landowners recorded in the NSW land title system, ensuring confidence in the land title system.

The property market in New South Wales again experienced high levels of activity in 2015-16. The total of 935,976 dealings lodged for registration at LPI was a 3.92 per cent increase on the 2014-15 volume. Discharge of mortgage continued to dominate the major types of dealings.

Deposited plan lodgments increased by 7.69 per cent and strata plan lodgments were 12.96 per cent higher than the previous 2014-15 year. In 2015-16, 58,811 new lots were created; 34,153 from deposited plans and 24,658 from strata plans an increase of 9.59 per cent overall on 2014-15 results. A further 5,340 Old System, Crown and manual Torrens Title land parcels were converted to electronic titles in 2015-16, held within the Integrated Titling System. There were also 2,549 Lease Folios created. The Conversion Project ceased and any future paper conversions of paper based land records to electronic titles will be business driven on a transactional basis.

The Registrar General also maintains the legislative framework for land title registration, conveyancing and property development in NSW. In 2015-16 LPI continued to administer amendments to legislation and regulations on behalf of the Registrar General including amendments to the *Real Property Act 1900* to allow the Registrar General to make Conveyancing Rules for or with respect to the preparation and lodgment of paper documents to give effect to conveyancing transactions.

National electronic conveyancing

Property Exchange Australia (PEXA) is the national electronic conveyancing platform operated by PEXA Ltd that enables completion of property conveyancing transactions online. PEXA has been operational in NSW since October 2013. Victoria, Queensland, Western Australia and South Australia also operate through the network.

LPI supported the ongoing development of the system by continuing to implement changes required to systems, business practices and enabling legislation. The program made significant progress in 2015-16 with transaction volumes now around 10 per cent of daily lodgements as the industry transforms towards electronic conveyancing. Current PEXA subscribers included the major financial institutions, most of the second tier and over 1,000 conveyancers. A feature of the system is that lodgements can occur near 24/7 from conveyancers and banks with businesses located outside of NSW.

In November 2015, legislation was enacted to progress the alignment of paper and electronic conveyancing. This legislation provided for conveyancing rules to be progressively proclaimed. The first tranche came into force on 1 May 2016 (introducing a transition period until 1 August 2016) and aligned the electronic and paper requirements for verification of identity for conveyancers when dealing with their clients. LPI hosted a number of industry information sessions to assist industry to adopt this change.

Torrens Assurance Fund claims

The Torrens Assurance Fund (TAF) supports the State Government guarantee of land title for registered landowners. The TAF provides compensation payments to registered landowners for any loss suffered as a result of fraud or error in title registration.

The Registrar General can settle claims against the TAF of up to \$500,000. During the 2015-16 financial year, the Registrar General settled 21 claims for compensation and payments made in response to claims against the TAF totalled \$2,341,243. The Registrar General was successful in several litigation matters involving claims for TAF compensation and was awarded costs.

As at 30 June 2016, there were 14 outstanding claims against the fund totalling approximately \$9 million. This contingent liability is an estimate based on the worst-case scenario of all fraud claims being paid. Actual payments are generally much lower.

Net TAF Payments (exclude GST) in the past five financial years were:

2011-12	\$7,526,914
2012-13	\$2,671,969
2013-14	\$1,930,981
2014-15	\$622,776*
2015-16	\$2,341,243

*Payments in 2014-15 were \$622,776, not \$1,484,341 as reported in the 2014-15 annual report. The latter figure included total compensation payable for one case decided in 2014-15 where the bulk of the compensation was actually paid in 2015-16.

Boundary determinations and survey audits

LPI's cadastral integrity surveyors investigated, determined and resolved boundary disputes between land owners on behalf of the Registrar General in accordance with Part 14A of the *Real Property Act 1900*. Sixteen boundary determinations were lodged with the Registrar General in 2015-16, 12 in Sydney metropolitan and four in regional NSW.

LPI continued to conduct survey audits to ensure surveyors complied with relevant acts, regulations and determinations when submitting plans to LPI for examination, registration and creation of new titles to land. The surveys aimed to improve the quality and consistency of deposited plans lodged for registration.

In 2015-16 LPI carried out 275 audits across NSW, 239 of which were in the Sydney metropolitan area and 36 in regional NSW. The majority of audits were carried out on unregistered plans while 114 audits were carried out on registered plans.

Digital plan processing system

LPI continued to promote services to facilitate digital plan lodgments in XML format, which offers a streamlined and more efficient plan processing system for surveyors.

Enhancements to both the online Land XML rendering and validation services available in the LPI Online portal were ongoing with several releases occurring throughout the last year.

The ePlan team continued to assist surveyors to implement digital plan data in Land XML format into their systems and processes. To date, 189 surveyors or their representatives, using six different survey software programs, have completed LPI training courses to learn how to create digital Land XML files.

A back capture project to convert existing registered plan images into Land XML format is underway. This will present significant benefits to surveyors who will be able to ingest digital data from previous surveys into their survey software at the beginning of a surveying process. This will save time and effort and eliminate the possibility of errors introduced through traditional manual data entry.

The benefits to industry, including self-validation of plans and improved registration times, are increasingly being realised with lodgments in digital format increasing.

The 2015-16 financial year saw an increase in digital lodgments of 290 per cent on the previous year. There was also a 226 per cent increase in surveyors lodging in digital format.

5.4 Surveyor General's report

The Surveyor General of New South Wales is the Government's principal advisor on surveying and spatial information. The statutory functions cover surveying and positioning infrastructure, geographical naming and maintaining the integrity of the State's cadastre.

In 2015-16, LPI, on behalf of the Surveyor General:

- continued the rollout of the Continuously Operating Reference Station Network (CORSnet_NSW) to 183 operating stations
- commissioned a new regional Electronic Distance Measuring (EDM) baseline at Coffs Harbour to enable surveyors to calibrate their surveying instruments and ensure compliance with legislation
- maintained National Association of Testing Authorities (NATA) accreditation as a verifying authority under the provisions of the *National Measurements Act 1960*
- supported infrastructure projects including Pacific, Princess and Great West Highway upgrades, WestConnex, NorthConnex, North West Rail, Melbourne to Brisbane Inland Rail, Sydney CBD Light Rail, and Western Sydney Airport.

The Surveyor General continued to support the promotion, education and skills of the surveying and spatial information industry and the preservation of surveying history through:

- the Surveyor General's Undergraduate Scholarship in Surveying which supported students entering their final year of the surveying degree program at the University of Newcastle and the University of New South Wales
- the Surveyor General International Fellowship in Surveying and Spatial Information which was established to provide opportunities for personal and professional development, promote broader opportunities for surveyors and spatial professionals, and to gain knowledge of international best practice – winner Stephen Bishop
- chairing the New South Wales Surveying Taskforce, tasked with marketing the surveying and spatial information profession to the future generation of professionals. The Taskforce has seen a significant number of students commencing the university surveying degree programs and an increase in the number of candidate surveyors enrolled for registration as a result of their activities
- sponsorship of the NSW Excellence in Surveying and Spatial Information Awards which recognises excellence in various categories including environment and sustainability, innovation and commercialisation, people and community, spatial enablement, technical excellence, export, cadastral surveying and land titling, and project management.

The Surveyor General provided leadership and strategic direction for the surveying and spatial information sector by:

- releasing updated versions of the series of Surveyor General's Directions and the Survey and Drafting Directions for Mine Surveyors
- continuing to support Geoscience Australia with the next generation datum modernisation project.

The Surveyor General is a key member and Chair of the NSW Location Leadership Group (LLG), the peak government group for Spatial and Location Information Policy and Strategy in the state. During the year the LLG met four times and through the ICT Governance Framework:

- delivered the NSW Government Spatial Web Services Register
- updated the NSW Location Intelligence Strategy

- ensured NSW participation on ANZLIC national spatial information projects to facilitate national and jurisdictional alignment of strategic initiatives.

5.5 Geographical Names Board report

The Geographical Names Board (GNB) (the board) is the State's centralised body delivering authoritative place names and addresses for NSW.

The board's mission

The mission is to ensure that public confidence and safety is maintained in the provision of a decision framework which provides integrity, consistency and functionality in the naming of places, geographical features and property addressing with the fundamental idea of reducing potential confusion.

To achieve this, the board works with the community, councils and other naming authorities to determine and officially assign the spelling, pronunciation and meaning of place names using policies and procedures which are nationally and internationally recognised. The GNB maintains the state gazetteer for place names, the Geographical Names Register, and is responsible for evaluating proposed road names through the NSW Online Road Naming System. It is also responsible for determining definitive locality boundaries. All this data is fed into spatial data frameworks and spatial web services supporting efficient digital government.

More than just providing data for efficient services, place names reflect the relationship between people and place. The GNB recognises and commemorates through the assignment of names, Aboriginal and multicultural values, heritage and contemporary significance, and outstanding community excellence.

Key achievements

Building on the NSW Addressing User Manual, released in 2015, the GNB finalised two additional policy documents:

- NSW Place Naming Policy
- NSW Geographical Names Board Governance Policy.

These policies and guidelines support the board's activities in relation to the formalisation of authoritative address information. This financial year the board:

- determined locality names and boundaries for the Cessnock Local Government Area (LGA), completing the program across the state which started in 1992
- evaluated 2,547 road names through its online road naming system
- administered 92 locality boundary amendments
- upgraded the NSW Online Road Naming System
- attended community and government consultations to improve NSW address data.

The board's commitment to recognising Aboriginal culture was further demonstrated by the recognition of the traditional Aboriginal names throughout the state.

Confirming the use of sound practices in the GNB, its processes were adopted to support council amalgamations. The GNB process for recording locality names and boundaries was implemented to simplify the process by government to formalise LGA boundaries as part of amalgamations. The process went from defining LGA boundaries using 'metes and bounds' to capturing the boundaries on a map and spatial database, using unique catalogued numbers.

Report on operations

Consultation

GNB worked with councils to address problems related to issues such as duplicate road names and localities, and the use of lot numbers instead of street numbering, all of which pose problems for service delivery and emergency services. The GNB attended community sessions at four locations within the Warrumbungle Shire Council to provide addressing advice and guidance.

This financial year the GNB also participated in a cross-agency meeting in Lightning Ridge with Walgett Shire Council, Addressing Programs LPI and Crown Lands Division, NSW Department of Primary Industries, to provide advice and recommendations in line with the NSW Addressing User Manual. This started the process of establishing location-based addressing for mining camp dwellings on opal fields within the shire.

The Deputy Surveyor General and secretariat met with UrbanGrowth NSW and also Transport NSW in October 2015 to discuss how each of the government departments can work collaboratively with the GNB with respect to road and place naming. As a result, Transport NSW naming proposals are coordinated through a central branch and 28 railway stations were proposed to be officially assigned.

The GNB secretariat attends Local Government Address Working Group (LGAWG) meetings. As local government is the key naming authority, attending the meeting helps to facilitate a consistent approach to geographical naming to improve data quality to meet the needs of the community. The board secretariat also chairs the NSW Addressing Committee to provide advice and manage issues that are raised by councils.

To ensure naming policies and practices meet national and international standards, the GNB secretariat attended the annual meeting for the Committee for Geographical Names of Australasia (CGNA), now Permanent Committee on Place Names (PCPN) at Townsville in September 2015. Representatives from all Australasian jurisdictional nomenclature authorities and other organisations with a role and interest in place naming attended the meeting. Through PCPN, Australia participates in the activities of the United Nations Group of Experts on Geographical Names (UNGEGN) and contributes to world best practice in the management of place names.

The work of the PCPN is strongly tied to the following statutory functions and spatial programs in NSW:

- ongoing support of the GNB
- NSW compliance to the ANZLIC foundation spatial data framework
- ongoing support of the NSW addressing and topographic programs
- NSW contribution to Australia's commitment to United Nations directions through UNGEGN
- the protection of NSW geographical names as second level domain names in the .au name space.

Aboriginal place naming

The GNB encourages and promotes recognition of Aboriginal place names and fosters the more frequent and official use of these names. The updated policy also provides, where it is possible, for the reinstatement of an Aboriginal place name through the dual naming process. All of which provides the practical means to recognise the significance of Aboriginal people, and revitalise and maintain traditional languages.

The board assigned eight dual names in the Newcastle LGA:

- Whibayganba as a dual name for Nobbys Head
- Tahlbihn as a dual name for Flagstaff Hill

- Burrabihngarn as a dual name for Pirate Point
- Yohaaba as a dual name for Port Hunter
- Coquun as a dual name for Hunter River (South Channel)
- Khanterin as a dual name for Shepherds Hill
- Toohrnbing as a dual name for Ironbark Creek
- Burraghinhbihng as a dual name for Hexham Swamp.

For the first time, audio files of the traditional Aboriginal pronunciation for the eight dual names were made available on the GNB website. This delivered on the board's statutory role to maintain a registry of geographical names which includes pronunciation.

The board also commemorated an Aboriginal, Douglas Grant, who fought in WWI, by naming a reserve after him; considered four wetlands in the Sydney LGA using words of Aboriginal origin from the Cadigal language, and, officially assigned Marrambyda Wetland in Wagga Wagga LGA and Marri Badoo Reserve in Parramatta LGA.

Barangaroo

The board assigned three new names in the high-profile Barangaroo development – Hickson Park, Barangaroo Reserve and Barangaroo Point.

NSW Online Road Naming System

The GNB is responsible for the NSW Online Road Naming System (NORNS). NORNS supports councils to propose and officially assign names (as per the *Roads Act 1993*) fulfilling its responsibility as a road naming authority. The system also supports GNB, on behalf of the Surveyor General, to evaluate (endorse or object) and facilitate road name proposals.

NORNS was deployed in August 2013. The introduction of NORNS complemented the NSW Addressing User Manual and the road naming guidelines. In 2015 gazettal capability was added to NORNS. As a result, road naming evaluations undertaken by the GNB this year had additional checks and balances to maintain integrity and management of naming provisions related to roads, a key element of defining a location.

Work was also undertaken to further improve system performance. The GNB Secretariat supported user access to the system and assisted users in managing road name submissions in NORNS.

Production figures

The following table gives a breakdown of the place names that were formalised in the reporting year in comparison to previous years.

Designation	2011-12	2012-13	2013-14	2014-15	2015-16
Locality names and boundaries	116	19	24	11	92
Road names (evaluated)*	1,563	1,334	1,687	792	2,547
Dual names	0	0	0	2	8
Other place names	218	261	133	202	55

*The total of road names evaluated included road names approved (and subsequently advertised and assigned), objected to and pre-approved. In 2015-16, this included: 1,151 approved, 161 objections and 1,235 pre-approved.

Evaluating road names requires assessing proposed names against principles outlined in the NSW Addressing User Manual. This includes completing spatial proximity searches in spatial data systems (the digital cadastral database and the digital topographic database) to minimise duplications in neighbouring areas and ensuring road names meet best practice naming principles.

'Other place names' figures were less than in previous years. This was largely a result of trainees used in the past to audit reserves not assigned in the Geographical Names Register.

A key part of the naming process was advertising proposed place and road names. The GNB, on behalf of councils, funded road naming gazettals, which were generated through the NORNS. This equated to \$32,563 in 2015-16. As part of its statutory obligations proposed place names were also advertised through local media and on the GNB website inviting public comment. Newspaper advertising cost \$14,755 this financial year.

Governance

Functions of the board

As set out in the *Geographical Names Act 1966*, the board has the following powers and functions:

- assign names to places
- approve that a recorded name of a place shall be its geographical name
- alter a recorded name or a geographical name
- determine whether the use of a recorded name or a geographical name shall be discontinued
- adopt rules of orthography, nomenclature and pronunciation with respect to geographical names
- investigate and determine the form, spelling, meaning, pronunciation, origin and history of any geographical name
- investigate and determine the application of any geographical name with regard to position, extent or otherwise
- compile and maintain a registry of Aboriginal words used or suitable for use in geographical names and to record their meaning and origin
- compile and maintain a dictionary of geographical names with a record of their form, spelling, meaning, pronunciation, origin and history
- publish a gazetteer of geographical names
- inquire into and make recommendations on any matters relating to the names of places referred to it by the Minister
- may compile, maintain and publish a list of road names.

The board proactively seeks to abide by these statutory provisions by adopting nomenclature policies and procedures which are nationally and internationally recognised.

Board members and attendance

Members are appointed to the board in accordance with the provisions set out in Section 3 of the *Geographical Names Act 1966*. The table below shows the current board members and the number of meetings attended by each:

Members of the board	Board meetings (5 meetings)
Mr Des Mooney Surveyor General of NSW. Ex-officio position.	5
Mr Paul Harcombe Nominee of Deputy Secretary, Department of Finance, Services and Innovation. Ex-officio position.	5
Mr Richard Neville Nominee of the State Librarian. Ex-officio position.	4
Mr Marcus Ray Nominee of the Department of Planning. Ex-officio position. Term expires May 2020.	4
Mr Terry Kass Nominee of the Royal Australian Historical Society. Term expires February 2017.	5
Cr Julie Hegarty Nominee of the Local Government and Shires Association of NSW. Term expires February 2017.	5
Dr Emma Ruth Power Nominee of the Geographical Society of NSW. Term expires February 2017.	3
Mr Phil Duncan Nominee of the NSW Aboriginal Land Council. Term expires June 2021.	3
Mr Felice Montrone Nominee of the Community Relations Commissioner. Term expires December 2020.	4

Counsellors and attendance

Section 6 of the *Geographical Names Act 1966* gives the board authority to appoint counsellors to advise it on matters within its powers and functions. The table below provides details of these counsellors:

Counsellors	Board meetings (5 meetings)
Dr Peter Orlovich, Historical Advisor	5
Dr Jakelin Troy, Linguistic Advisor	5
Ms Julie Christie, Australia Post Addressing Advisor	3
Mr Graham Chapman, Fire & Rescue NSW Advisor	5
Mr Stephen Albin, Urban Development Institute of Australia	1

Board meetings

The board met formally on five occasions during the year. Five members form a quorum. The Surveyor General of NSW as chair has a deliberative vote and casting vote.

Board committees

The board continued with the NSW Addressing Committee (in compliance with the Section 5.1 of the New South Wales Addressing Policy). This committee comprised addressing expertise from across several domains in LPI including addressing applications, topography, cadastral, data delivery and the board's secretariat. Other experts were called upon to deal with other specialist areas as required.

The board also continued to support both Place Names Australia, a voluntary non-profit association that aims to prepare a national online database of all Australian place names, and the Permanent Committee on Place Names (PCPN). PCPN coordinates place-naming activities across Australia and New Zealand.

Administration

Section 4 of the *Geographical Names Act 1966* makes provision for a secretary and other officers to administer the Act. To carry out this function LPI employed a secretariat which consisted of four staff members.

Future focus

GNB plans to cultivate the use of the newly developed policy and reference manuals, and work closely with naming authorities to assign unambiguous and appropriate geographical names in NSW.

To foster the more frequent use of Aboriginal names, and as per its powers and functions under the Geographical Names Act, GNB will commence registering Aboriginal words suitable for geographical place names.

Other key areas will be to:

- rectify duplicated road names in duplicated localities
- continue to improve internal processes and online applications including the Geographical Names Register and the Online Road Naming System
- update the designation values to include more appropriate features and appropriate Aboriginal values
- work with the NSW Addressing Committee to improve address data and hence location based services
- revisit GNB strategy.

5.6 Office of the Valuer General's report

Role of the Valuer General

The Valuer General is an independent officer appointed by the Governor of New South Wales to oversee the valuation system. The current Valuer General, Mr Simon Gilkes, was appointed to the position for a period of seven years commencing on 7 October 2015. Prior to his appointment, Simon Gilkes had been acting in the role since 1 September 2014.

Land and Property Information (LPI) manages the valuation system on behalf of the Valuer General and the Valuer General is supported by an office of six staff members. More information on the role of LPI is included, below.

The Valuer General provides independent and impartial land values used by councils for rating and the state government for taxing.

The Valuer General is also responsible for the independent determination of compensation when land is compulsorily acquired and ensuring the process is fair and transparent.

The Valuer General's responsibilities include:

- valuation of land for rating and taxing
- determination of compensation for compulsory acquisition
- setting standards and policies for the valuation system which is managed by LPI
- monitoring the management of contract valuers by LPI
- monitoring the quality of land values
- monitoring the services provided to the community by LPI
- providing professional leadership and stewardship to the valuation industry.

Valuer General's aims and objectives

The Valuer General aims to deliver a world class valuation system based on:

- excellence in customer service where customers feel respected and can have issues and concerns addressed
- open access to information that is easy to understand
- fair and transparent processes
- positive engagement with the community and stakeholders
- accurate, consistent and fair valuations and determinations of compensation
- measuring our performance through independent monitoring and international benchmarks
- high standards of professionalism driving continuous improvement and innovation
- cost effective valuation services.

Role of Land and Property Information

LPI manages the valuation system on behalf of the Valuer General under a service level agreement.

Under this agreement, the Valuer General delegates specific functions to LPI and sets the services and performance standards that LPI is required to deliver. The agreement is reviewed annually to ensure services are meeting stakeholders' needs.

LPI's activities include:

- establishing and managing valuation contracts
- monitoring the performance of contract valuers
- auditing and quality assuring land values
- determining compensation following the compulsory acquisition of land
- managing objections and appeals
- delivering customer service
- delivering valuations to agencies and the community.

LPI outsources the majority of land valuation services to external valuation firms. These firms are scrutinised through an independent open tender and rigorous evaluation process.

Separation of LPI

On 20 May 2016, the Treasurer announced the NSW Government will proceed with a 35-year long-term concession of the land titling operations. As part of the concession, LPI will be separated into

five units: Titling and Registry Services; the Office of the Registrar General; Valuation Services; the Office of the Valuer General; and Spatial Services.

Valuation Services provides the services for the Valuer General. Under the new structure, Valuation Services will be transferred to Property NSW, part of DFSI and the Office of the Valuer General will be supported by DFSI. The separation will take effect from 1 July 2016.

Governance of the valuation system

Since the publication of the previous annual report, the governance structure has matured. The governance structure was created to strengthen oversight of the valuation system and the activities LPI provide on behalf of the Valuer General.

Five steering committees were created to direct and monitor activities, and each had oversight of key service areas: rating and taxing; objections and appeals; compensation valuations; Register of Land Values; and contracts and finance.

In early 2016, the five steering committees and Management Assurance Committee were incorporated into one governance board. The board ensures the proper management of the valuation system. The first meeting of the board was held on 22 March 2016.

In addition to the board, the governance structure includes:

- Land Valuation Advisory Group (that provides industry stakeholder oversight, consultation and advice)
- Valuation Joint Governance Board (responsible for setting the strategic direction of the valuation system), and
- Land Value Improvement Group (that tests the rigour and integrity of values on the Register of Land Values).

There are also regular liaison meetings between the Office of the Valuer General and LPI, and ad hoc committees established as required to deliver time limited projects.

Joint Standing Committee on the Office of the Valuer General

The Joint Standing Committee on the Office of the Valuer General (the committee) was established in 2004 to monitor and oversee the functions of the Valuer General.

The Tenth General Meeting with the Valuer General was held on 13 May 2016. The March 2015 general election prevented the committee from reviewing the Valuer General's 2013-2014 annual report. Accordingly, at this meeting, the committee reviewed the annual reports from both 2013-2014 and 2014-2015. The committee's report on the Tenth General Meeting is expected later in the year.

In May 2013, the committee tabled its report: *Inquiry into the Land Valuation System*. Since that time, the Valuer General has focused on addressing the recommendations that fall under the Valuer General's responsibility. The recommendations led to a number of improvements, in particular to customer service, transparency of decision making, and improved mechanisms for the determination of compensation following compulsory acquisition.

The Valuer General provided an update on the progress of the recommendations at the Tenth General Meeting, a copy of which can be found on the [committee's website](#). More detail on these recommendations is included under the relevant sections of this report.

Valuer General's policies

The Valuer General's policies set the standards for the management and regulation of the NSW valuation system. The policies assist landholders to better understand the valuation process and provide clear guidance to valuers on a range of valuation methods and practices.

In the 2014-15 year, 23 valuation policies were published on the Valuer General's website for the first time as part of a commitment to the committee. An additional policy on compulsory acquisition was published shortly after.

The Valuer General's valuation policies are reviewed annually to ensure compliance with current legislation, common law principles and policy objectives. The annual policy review is also a commitment made to the committee who recommended an annual review of public guidelines for the valuation of land in NSW in its 2013 Inquiry into the Land Valuation System.

Any comments received from landholders and improvements identified throughout the year are also considered in the policy review.

The 24 published policies went through the first annual review in the 2015-16 year. Formal feedback was sought from stakeholders in December 2015, and feedback was accepted until the end of March 2016. Invitations for comment were sent to a broad range of stakeholders, representing industry and professional bodies, government departments and contract valuers. Positive feedback was received from stakeholders and, following consultation, no changes were deemed necessary.

In December 2015, the Valuer General introduced an interim policy on correcting a valuation previously determined on objection. The policy provides for internal review of a valuation determined on objection in certain circumstances. This avoids unnecessary appeals to the Land and Environment Court and improves procedural fairness for landholders. The final policy will be published on the Valuer General's website in late 2016.

Customers and stakeholders

The Valuer General continues to focus on ensuring the valuation system is fair, accessible, transparent and consistently delivers positive experiences for customers.

The recommendations of the committee relating to customer service under the Valuer General's responsibility have been completed.

Valuations for rating and taxing

When land values are used by councils for rating and OSR for land tax, landholders are notified of the land value by a Notice of Valuation or land tax assessment. This provides landholders with the right to lodge an objection to have their land value reviewed. Customer service practices now provide landholders with more opportunities to ask questions, raise concerns, access information and provide feedback about their land values.

There was an increase in the number of objections lodged during the 2015-16 year, and key performance indicators (KPIs) for objection processing were negatively impacted. However, customer service KPIs were met (see table under Measuring our Performance).

Land value review process

LPI undertook a study of customer perceptions for the land value review process. The study assessed the impacts of customer service improvements, including the introduction of preliminary objection reports and short-format objection reports:

- preliminary objection reports provide customers with the opportunity to respond to the objection report and outcome prior to the report being finalised
- the short-format objection report is a summarised version of the objection report designed for ease of interpretation and cost effectiveness. These reports are suited to less complex property types.

A pilot project to evaluate the impact of the redesign of the land value review process was implemented in 2014. However, due to a low response rate and the lack of a representative sample,

the findings from the survey were not conclusive. The pilot was extended to include a random sample of 10 per cent of all objections.

A customer survey was undertaken to measure customer perceptions of the land value review process. Two sample groups were included within the survey sample, one group was provided with the preliminary report, the other group received a finalised short format objection report and decision.

The customer survey was distributed to 1,600 landholders who lodged objections throughout 2015. The survey showed that the majority of customers had positive perceptions of the objection process:

- 81 per cent of customers agreed or strongly agreed they were given an opportunity to state their case
- 74 per cent of customers agreed or strongly agreed that the information they received clearly explained their options
- 61 per cent of customers agreed or strongly agreed that they were provided with all the information they needed during their review
- 73 per cent of customers agreed or strongly agreed that they were responded to in a timely manner
- 75 per cent of customers agreed or strongly agreed that they were treated fairly by staff
- 69 per cent of customers agreed or strongly agreed that the correspondence was easy to understand
- 100 per cent of customers thought it important to be provided with a preliminary objection report and have the opportunity to ask questions.

Customer feedback on the objection report (received in any format) showed 50 per cent of customers agreed or strongly agreed that their concerns were answered in the objection report. In addition 49 per cent of customers agreed or strongly agreed that the objection report clearly explained the reasons for the objection decision. Between 15-20 per cent of customers were neutral about the report, leaving a significant percentage of customers dissatisfied with these aspects of the report. A review of objection reports will be undertaken to identify areas of improvement.

There was no significant variation in response rates between landholders based on whether they had received a preliminary report or the finalised objection report and decision. The overall survey response rate was 12.7 per cent.

The survey showed the short format report did not impact on customer satisfaction, was cost effective and assisted in timeliness for objection processing. Based on these findings, the short format objection report has been implemented for less complex, lower risk properties.

The preliminary report had a negative impact on objection completion timeframes. On average preliminary report objections took an extra 46 days to complete. The average number of days taken to complete a preliminary report objection was 131 days. Under the *Valuation of Land Act 1916* an objection is taken to have been disallowed if the Valuer General has not made a determination within 90 days. A landholder not satisfied with the outcome of their objection can lodge an appeal with the Land and Environment Court. Delays in objection completion also impact on councils and the Office of State Revenue (OSR).

The increase in processing was attributed to the additional time provided to landholders to consider the preliminary report and provide or request additional information.

The pilot project was concluded in May 2016 and the provision of the preliminary objection report discontinued. The survey showed the provision of the preliminary report had no impact on the overall customer perceptions of the valuation system but had a negative impact on timeframes. Customers were more likely to have their objection decision overturned in their favour if they were included in the preliminary report pilot.

The Valuer General is considering further options to find a balance between providing a preliminary objection report to customers and timely completion of objections.

Conferences

Conferences are available for landholders to discuss issues and concerns, provide additional information, ask questions and, where possible, settle any disagreements over matters of fact. Facilitated conferences were introduced in May 2015. The facilitator's role is to guide the conference process and internal or external facilitators may be used.

During the 2015-16 year, there were 63 facilitated conferences.

The Valuer General introduced a survey to measure customer satisfaction with facilitated conferences from August 2015. Nineteen surveys have been returned. Although only a small sample, it represents approximately 30 per cent of conference participants. The conference process is being continually improved in response to survey results. Overall the majority of respondents were satisfied with the conduct of the conference.

A new fact sheet about conferences was introduced to provide guidance to landholders about the purpose, structure and how to arrange a conference. The factsheet is available on the [Valuer General's website](#).

Council liaison

Formal information sessions are offered to all councils issued with new valuations for rating. The sessions give information about the 1 July 2015 land values, changes in values and provide a forum for discussion and questions.

Council visits were offered to 47 councils, of which 35 councils accepted.

Council amalgamations

The NSW Government's "Stronger Council" initiative changed existing council boundaries to create 19 new council areas across NSW from 12 May 2016.

The changes to council boundaries affect the way LPI manages the data it receives from contract valuers as well as the way valuation information is provided to stakeholders, including councils and the public.

LPI formed a Council Amalgamations Working Group to oversee the changes required in aligning with the new council boundaries.

The main objective of the working group is to ensure that systems, processes and communications allow for a seamless transition to the new boundaries. The working group acknowledges the potential for varied requirements across amalgamated councils and accordingly, has placed a strong focus on stakeholder engagement. The working group is further developing business requirements in consultation with key stakeholders.

Office of State Revenue

Regular liaison meetings were held with OSR concerning the provision of land values to be used in the management of land tax.

Compulsory acquisition

The Valuer General is responsible for:

- ensuring landholders are fairly compensated when their land is compulsorily acquired
- providing an independent, fair and transparent process for determining the amount of compensation.

The Valuer General has completed all the committee's recommendations in relation to compulsory acquisition and is further strengthening customer service. The focus of improvements has been on procedural fairness, conferences and information sharing, including:

- enhancement of communications about the sharing and provision of information to owners, including the implementation of a new format for written correspondence. All information considered in the independent valuation is shared with the owner and acquiring authority. Owners are encouraged to raise any concerns about the information and resolve any issues prior to the issue of the determinations of compensation.
- enhanced opportunities for conferences with landholders. All owners have the opportunity and are encouraged to meet with the valuer acting on behalf of the Valuer General. Conferences can be held at any time during the compulsory acquisition process to discuss issues and concerns, provide additional submissions, ask questions and where possible, attempt to settle any disagreements over matters of fact prior to the determination of compensation being made. For example, during the 2015-16 year, 88 determinations of compensation were issued as part of the WestConnex project. Of these determinations there were:
 - at least one face-to-face conference held between the former owner or their representative and the contract valuer undertaking the independent valuation in each matter
 - 28 telephone conferences between the former owner or their representative and the LPI valuer/coordinator
 - two face-to-face meetings between the former owner or their representative and the LPI valuer/coordinator.

Valuer General's website

Valuation reports

A final report is prepared for each local government area (LGA) by the contract valuer making the valuation recommendations to the Valuer General. During 2014-15 the Valuer General initiated a review of reporting of final values which included the development of reporting standards.

For the first time, in January 2016, final valuation reports were published on the Valuer General's website. Reports covered the 1 July 2015 land values for all LGAs.

The valuation reports provide an overview of the valuation program for the LGA. Information in the report includes number of properties, major changes in valuations, significant issues and planning information. Publication of the reports provides transparency and easy access to information about the annual land values for the LGA.

NSW Globe

The NSW Globe allows the public to explore mapping and property information within Google free of charge. In September 2015, property sales information was added to the NSW Globe. This includes:

- property sales for individual properties going back to 2001
- property sales at a street and suburb level going back five years from the date of enquiry
- sale date
- area (for non-strata properties)
- property number.

Property sales information is derived from the Notice of Sale. Property sales are the most important factor considered when determining land values. The addition of property sales information complements the land value information made available on the NSW Globe in January 2015.

Together these allow landholders to review their land value in comparison to surrounding properties, previous years and sales evidence.

The number of daily hits on the NSW Globe varies throughout the year and the numbers that follow are approximate. Following the publication of land values, the average number of daily visits increased from the initial number of 450 to 700 daily visits. The number of daily visitors peaked at 4,541 in September 2015 following publication of property sales. The second peak in early 2016 of 1,200 daily visits coincided with the release of Notices of Valuation.

Valuation services

Valuations for rating and taxing

More than 2.5 million residential, rural, business and industrial land values for properties in NSW were determined as at 1 July 2015. The total land value for NSW as at 1 July 2015 was approximately \$1.34 trillion.

Land value reflects the market value of the land as at 1 July in the year of valuation and is based on the value of land if it were vacant.

To determine 1 July 2015 land values, about 45,000 property sales across NSW were analysed as part of the valuation process.

Forty-seven local councils received 1 July 2015 land values to use in the calculation of council rates. When councils receive new land values, the Valuer General issues landholders with a Notice of Valuation to advise them of their new land value.

The following table shows the 47 LGAs that received new land values as at 1 July 2015. These values will be used for rating from 1 July 2016. The table also shows the total Notices of Valuation that were posted to landholders. The number of notices shown in the table below does not include the over 86,000 electronic notices issued to large landholders, or additional supplementary notices that are sent periodically throughout the year.

Local government area	Notices of Valuation issued	Local government area	Notices of Valuation issued
Auburn	15,553	Marrickville	23,734
Bega Valley	17,551	Muswellbrook	6692
Bland	4156	Newcastle	56,403
Blayney	3942	Oberon	3670
Bogan	2024	Orange	16,177
Byron	13,186	Palerang	7926
Cabonne	7182	Penrith	60,464
Campbelltown	44,610	Pittwater	20,072
Canada Bay	17,846	Port Macquarie-Hastings	29,841
Cessnock	23,699	Queanbeyan	12,702
City of Sydney	26,205	Randwick	25,958
Cootamundra	4006	Rockdale	23,397
Dungog	5065	Shellharbour	22,105
Fairfield	50,122	Tumut	6344
Gilgandra	2478	Uralla	3030

Local government area	Notices of Valuation issued	Local government area	Notices of Valuation issued
Gosford	60,406	Wakool	2988
Greater Hume	6759	Walgett	4984
Gwydir	3195	Warren	1952
Junee	3038	Warringham	37,641
Kempsey	13,906	Waverley	13,124
Kiama	9124	Willoughby	17,275
Kyogle	5257	Wingecarribee	22,091
Leeton	5005	Woollahra	13,443
Lismore	17,590	Total	793,918

Quality assurance and risk management

Before land values are accepted by the Valuer General and entered onto the Register of Land Values, formal quality assurance audits are undertaken in each LGA.

Performance of contract valuers and quality of the land values are monitored through an annual risk-based quality assurance program and system-based data integrity checks.

Valuation uniformity and accuracy is tested against a range of statistical requirements. The level of statistical compliance is above targets for all major property types (see table under Measuring our performance below).

Audits include:

- checks on the quantity and spread of market analysis to support land values
- comparing the provision of allowances and concessions from the previous valuation
- reviewing valuations subject to objection in prior valuing years to determine whether the contract valuers have had regard to those decisions
- reviewing sales to land value ratios
- reviewing significant value changes
- comparison with an automated valuation model developed in conjunction with Western Sydney University.

Verification

To ensure that the NSW valuation base remains sound, there is a systematic, risk based process of periodically verifying property data and land values. The program provides for the individual review of all land values and supporting data.

The verification program was initially implemented in 2006. In 2012, the program was enhanced and extended to 2018. The program adopts a risk-based approach which considers the complexity and nature of properties to determine the timeframe for verification. Over the six-year period of the current program, all land values in NSW will be verified. Those properties identified as having higher risk of valuation error are verified more regularly.

Internal Audit Bureau audit

The Valuer General initiated an independent audit of LPI's quality assurance processes. The Internal Audit Bureau (IAB) completed the audit in July 2014 and made several recommendations for improvements. All but one recommendation have been completed. The outstanding recommendation concerning the establishment of efficiency and effectiveness benchmarks for the quality assurance process has been partially implemented and work continues towards completion.

A key finding of the audit was the importance of linking quality assurance activities and risks to valuation outcomes. This has been incorporated into operational procedures to plan resources and map audit activity.

As a result of the IAB audit, risk registers that identified risks to valuation outcomes at a local level were introduced. Risk registers incorporate reporting and recording of emerging risks, issue management and action plans to mitigate risk.

Potts Point/Kings Cross Report - Land Value Review

The Land Valuation Advisory Group raised concerns about land value levels in the Potts Point/Kings Cross area following the introduction of "lock out laws". The Valuer General asked LPI to undertake a review of land values in the area. The review is published on the Valuer General's website.

Valuations for compulsory acquisitions

State and local government organisations can acquire land for public purposes. When a government organisation (acquiring authority) and landholder are unable to negotiate the purchase of land, the government can compulsorily acquire the land.

The Valuer General is responsible for ensuring landholders are fairly compensated when their land is compulsorily acquired. The Valuer General determines the amount of compensation to be paid to a former landowner by the acquiring authority in accordance with the *Land Acquisition (Just Terms Compensation) Act 1991*.

The number of determinations of compensation has increased substantially from 2014-15 due to major Government infrastructure projects including WestConnex, Northern Beaches Hospital and Sydney Light Rail. It is expected that numbers of determinations of compensation will continue to increase in the 2016-17 year.

The table below shows the total number of determinations for compensation over the two-year period from 2014-15 to 2015-16.

	2014-15		2015-16	
	Number	Total value (\$million)	Number	Total value (\$million)
Determinations of compensation made under the <i>Land Acquisition (Just Terms Compensation) Act 1991</i>	163	\$110	325	\$390
Determinations of compensation made in accordance with Treasurer's Directions (for intergovernmental transfers)	81	\$3.9	49	\$55
Total	244	\$113.9	374	\$445

Contract management

LPI manages the valuation system on behalf of the Valuer General. The majority of valuations are performed by external valuation firms. LPI managed 98 valuation contracts worth approximately \$23.5 million in the areas of initial rating and taxing valuations, independent reviews of objections to land

values and compulsory acquisitions. An up-to-date list of contractors is available from the [Valuer General's website](#).

Contractors are selected by an open market tender process that complies with strict procurement guidelines set for NSW public sector agencies. LPI has improved the tender process to attract a range of providers. Once engaged, there is regular liaison with contract valuers including briefing and information sessions.

The performance and quality of each contractor is monitored on an ongoing basis to ensure time, quality and cost effectiveness is achieved. As well as contractual terms, individual contract valuers are required to comply with the Valuer General's policies and industry codes of professional conduct. In the 2015-16 year, most contractors in both rating and taxing and objections performed to the quality and timeliness standards established under the contract. Where standards are not met, LPI has established resolution pathways. In the first instance, LPI engages with the contractor to address any concerns.

Chief Valuer reviews

The Chief Valuer conducts reviews at the request of the Valuer General on areas of significance to stakeholders or the valuation system. The Chief Valuer's reviews are an important element in the monitoring and regulation of the valuation system, and to ensure the accountability of LPI in the services they deliver on behalf of the Valuer General.

During the year in review, the Chief Valuer completed three reviews:

Description	Improvements identified	Implementation
Review of concerns raised by Hay Council – increase in land values for irrigation land	<p>The Chief Valuer made 15 recommendations to LPI, including improvements to:</p> <ul style="list-style-type: none"> ▪ systems to raise issues early with the Valuer General ▪ early investigations and additional audits checks to be provided to the Valuer General ▪ business rules to support consistent reporting and communication, both internally and with stakeholders. 	To be implemented by 31 December 2016
Review of concerns raised by landholder – land values determined without regard to previous objection decisions	<p>The Chief Valuer made three recommendations to LPI for improvements:</p> <ul style="list-style-type: none"> ▪ procedures for reviewing forward year valuations following an objection decision ▪ improved communication with landholders ▪ proactive customer service and appropriate escalation where a landholder has made numerous contacts to LPI. 	Implementation of improvements for two recommendations was completed by 30 June 2016. System enhancements to flag repeat customer contact to be completed by 31 January 2017
Review of concerns raised by landholder following decision to disallow an objection	<p>The Chief Valuer made eight recommendations, including that LPI:</p> <ul style="list-style-type: none"> ▪ review the land value and relevant allowances in accordance with the Valuer General's policy on correcting a valuation made on objection ▪ address quality issues with the contract valuer ▪ further work with the contract valuer to ensure analysis of land sales. 	To be implemented by 31 October 2016

Appeals to the Land and Environment Court

Landholders not satisfied with the determination of their objection can lodge an appeal in the Land and Environment Court of NSW (L&EC).

Appeals to L&EC including outcome where completed 2013-16

	2013-14	2014-15	2015-16
Appeals lodged ¹	97	25	26
Allowed	52	10	6
Disallowed	45	10	2
Withdrawn	0	1	4
Incomplete	0	4	14

¹ Appeal decisions are reported based on the year the appeal was lodged.

Appeals settled

Data is not held in a format to allow the precise tracking of matters settled without the need for a formal hearing based on year of lodgement. However, of those matters either allowed or disallowed over the period from 1 July 2013 to 30 June 2016, 38.5 per cent were settled without the need for a formal hearing of the court.

Significant judicial decisions

Perilya Broken Hill Ltd v Valuer-General [2015] NSWCA 400

Perilya is the owner of a mine at Broken Hill. Perilya appealed against the Valuer General's determination of the mine's 2007 land value. The appeal considered the meaning of one of the core assumptions of land value: that the interest to be valued is the unencumbered fee simple of the land.

The principal issue in dispute was whether, when valuing land under the *Valuation of Land Act 1916*, the value of land containing minerals reserved to the Crown should include the value of those minerals. The Valuer General contended that the land value should be determined on the assumption that any minerals in the land were privately owned and thus their value would be included.

The matter was subject to protracted litigation. The NSW Court of Appeal agreed with the Valuer General in its decision dated 16 December 2015. Perilya sought leave to appeal the decision in the High Court, and it is anticipated the application will be heard in July 2016.

IPART price setting for valuation services

The Valuer General is required to provide land valuation lists and supplementary lists to councils under the *Local Government Act 1993*. These services are declared as government monopoly services under the *Independent Pricing and Regulatory Tribunal Act 1992*. The Independent Pricing and Regulatory Tribunal (IPART) determines the prices that the Valuer General can charge for these services. The price includes allocated costs for corporate services, operational ICT and access to spatial and titling information. The cost of the valuation system is shared between councils and the Office of State Revenue.

In 2014, IPART reviewed the pricing of monopoly valuation services and published its report setting prices for the five-year period from 1 July 2014 to 30 June 2019. The prices are set to increase over the five years by the Consumer Price Index.

For the 2015-16 year, IPART set the maximum prices to:

- Residential land \$5.57
- Non-residential land \$12.25

This represented a 1.3 per cent increase on the previous year.

The Valuer General's charges for the 2015-16 year were:

- Residential land \$5.57
- Non-residential land \$12.25

The overall average cost per valuation was \$18.68. In comparison the cost per valuation for the 2014-15 financial year was \$17.53. Factors impacting on this increase include an increase in the cost of objections and an increase in corporate overheads.

Finance

In response to the recommendations on financial reporting made by the Joint Standing Committee into the Office of the Valuer General, an activity-based reporting system that includes overheads and revenue was introduced in 2014-15. This reporting system is based on IPART cost methodology.

The table below is generated using the activity-based reporting system.

Crown Solicitor's Office costs

Costs of the NSW Crown Solicitor's Office for the provision of valuation related legal services are funded through the Attorney General's core fund. These costs are not recorded in this report as they are not met by the Valuer General and are not included in the charges to rating and taxing authorities.

For the 2015-16 year, there were 31 valuation matters managed by the Crown Solicitor's Office. The total cost of valuation-related legal services provided by the Crown Solicitor's Office was \$1,069,000 (\$397,000 in fees and \$672,000 in disbursements).

Valuation system financial report

Valuer General Report 2015-16 (Distribution reflects IPART costing methodology)	Mass Valuations ('\$000)	Land Mgt & Supplementary Valuations ('\$000)	Objections to Court ('\$000)	Objections Review ('\$000)	Communications ('\$000)	Administrative Costs ('\$000)	Audit ('\$000)	Total Mass Valuations ('\$000)	Valuer General Office ('\$000)	Just Terms ('\$000)	Special Valuations ('\$000)	Total Valuations ('\$000)
Total revenue	46,058	0	0	0	0	0	0	46,058	0	4,609	1,273	51,940
Salaries and on-costs ¹	2,721	2,369	48	621	1,121	3,373	1,002	11,254	1,190	1,160	165	13,769
Other staff related	23	34	1	8	13	33	9	121	7	11	1	140
Accommodation and maintenance	138	206	5	51	80	215	58	753	0	66	8	827
Postage and phones ²	17	3	0	7	602	4	0	634	1	0	0	635
Production	29	5	0	5	0	13	0	51	4	0	0	55
Electronic data processing	29	7	0	6	0	28	0	70	2	0	0	72
Travel and motor vehicles	123	63	0	17	33	111	46	392	3	54	8	458
Contractors and consultants ³	247	0	0	1	142	5	0	395	210	0	0	605
Valuation contracts ⁴	18,851	0	0	4,159	0	0	74	23,084	0	2,645	758	26,487
Other	23	9	0	1	0	9	0	43	2	0	0	45
Depreciation	204	72	0	9	0	20	0	305	3	0	0	309
Total direct valuation and Valuer General Office (VGO) expenses	22,404	2,768	54	4,885	1,990	3,811	1,189	37,101	1,424	3,936	941	43,402
Corporate overheads ⁵	685	963	22	257	390	1,018	231	3,566	2	313	41	3,922
ICT operational	431	622	15	160	245	654	161	2,288	1	201	26	2,517
Spatial	153	224	6	58	87	234	60	822	0	72	9	904
TRS	657	0	0	0	0	0	0	657	0	0	0	657
Graphic Services	0	0	0	0	1,347	0	0	1,347	0	0	0	1,347
Total indirect costs	1,925	1,809	43	476	2,069	1,906	453	8,680	4	586	76	9,346
Total expenses	24,329	4,576	97	5,360	4,059	5,717	1,641	45,781	1,428	4,522	1,017	52,748

Notes

All amounts have been rounded to the nearest thousand dollars (\$'000), which has resulted in minor rounding errors in some totals and subtotals. This report includes all costs for the Office of the Valuer General and valuation related costs for Land and Property Information.

1. Salaries and On-costs exclude all Superannuation expenses from the General Ledger. These amounts are volatile over time and are replaced with a calculated figure equal to 11% of the total of Salaries and Wages, Recreation Leave and Overtime.

Total Salaries & On-costs across all of Valuations has remained steady. The major variances in activities between FY15 & FY16:

\$873k decrease in Land Management costs - attributed to staff resignation, retirement and long-term absence.

\$317k increase in Communications costs - attributed to the conferencing process.

\$477k increase in Administrative costs - attributed to staff liaison and training as part of the Valuation Services restructure management plan.

\$683k increase in Just Terms Salaries & On-Costs - attributed to the increase in number of compulsory acquisition claims being determined.

\$860k decrease in Special Valuations - attributed to the transition away from in-house asset valuations for other government agencies. In FY16, Special Valuations were mainly provided by contract valuers with Valuation Services providing oversight and management.

\$230k decrease in objection review costs - attributed to the majority of costs of the review of the objection review process occurring in FY15 (including staff training in dispute resolution, development of preliminary and short format objection reports).

The review program continued during FY16 but with reduced staff time allocated resulting in a reduction of staff costs to the objection review function.

In FY16, there was a restructuring of the time allocation elements to more accurately reflect actual hours spent on specific audit tasks when compared to prior years.

2. \$174k increase in Postage & Phones expenditure in the Communications activity attributable to an increase in fees charged by Australia Post.
3. \$142k increase in Contractors & Consultants expenditure due to reclassification of outsourced valuation enquiry call centre (fielding objection enquiries) costs from Mass Valuations in FY15 to Communications in FY16.
4. \$1,784k Increase in Valuation Contracts expenditure for Just Terms - attributed to increase in number of compulsory acquisition determinations. This is offset by additional revenue earned from acquiring authorities.
\$1,540k increase in Valuation Contracts for Objection Review - attributed to increase in objection volume
5. The increase in allocation to Total Valuations (\$971k) is attributable to the increase in corporate overheads from LPI:
\$2,087k of bank interest in FY15 which was not earned in FY16 due to interest now accruing to DFSI.
\$1,535k increase in corporate services and administration charge from DFSI.
\$1,715k make-good expense for the Queens Square & Bathurst buildings, due to vesting of buildings to Property NSW and leaseback.
\$1,393k increase in redundancies.
\$801k increase in contractor expenses.
The percentage allocation of these overheads to Total Valuations remained steady.

Measuring our performance

Office of the Valuer General key performance indicators

GVAL	1 July 2011	1 July 2012	1 July 2013	1 July 2014	1 July 2015	
Key Performance Indicator	2011-12	2012-13	2013-14	2014-15	2015-16	Target
Total valuations issued for rating and taxing purposes	1,830,466	1,689,220	1,725,392	1,850,887	1,820,393	-
Total valuations on Register of Land Values at 30 June	2,455,600	2,470,531	2,485,796	2,505,206	2,529,278	-
Total Notices of Valuations issued	922,863	854,094	827,302	947,666	880,841	-
Customer Service						
Total number of calls	35,890	34,255	31,286	23,641	26,364	-
% of calls resolved on first contact	91%	92%	93%	82% ¹	85%	85%
% of calls responded to within 3 days	99%	99%	99%	98%	90%	90% ²
Rate Payers						
% Notices of Valuation issued within 31 days of completion	93%	97%	92%	96%	96%	95%
% Notices of Valuation for general valuation issued to property owners by delivery date	100%	100%	100%	100%	100%	100%
% general valuations land values issued to relevant councils by delivery date	100%	100%	100%	100%	100%	100%
% supplementary valuations to councils within 31 days of completion	100%	100%	100%	100%	100%	100%
Office of State Revenue						
% objections to land values for land tax completed within 90 days	86%	60%	63%	77%	64%	85% ³
% objections to land values for land tax completed within 120 days	96%	75%	77%	94%	84%	90% ⁴
% objections to land values for land tax, where land value is greater than \$1m, within 120 days	94%	79%	78%	93%	85%	95%
% of final land values issued to OSR by delivery date	100%	100%	100%	100%	100%	100%
Supplementary valuations						
Total supplementary valuations issued	50,906	52,321	53,767	81,225 ⁵	53,284	-

¹ Manually calculated as outsourced call centre withdrew at short notice and calls were brought in house

² KPI of 95% was changed to 90% in 2014-15 to accord with the Service Level Agreement in place between the Valuer General and Land and Property Information

³ KPI changed in 2011 from 30% to 85% completed in 90 days to encourage and support service improvement to the Office of State Revenue

⁴ KPI changed in 2011 from 75% completed in 180 days to 90% completed in 120 days to encourage and support service improvement to the Office of State Revenue

⁵ Increase in supplementary valuations due to new Local Environment Plans issued in local government areas

GVAL	1 July 2011	1 July 2012	1 July 2013	1 July 2014	1 July 2015	
Key Performance Indicator	2011-12	2012-13	2013-14	2014-15	2015-16	Target
Average days to complete	34 days	34 days	33 days	36 days	36 days	<65 days
Statistical quality measures for land values						
% Council areas meeting all standards – Residential ⁶	91.6%	93.8%	97.7%	98.5%	98.6%	90%
% Council areas meeting all standards – Business / Industrial ⁶	91.1%	85.3%	86.1%	89.4%	88.5%	85%
% Council areas meeting all standards – Rural ⁶	72.3%	77.7%	78.5%	85.2%	84.0%	75%
Objections						
Number of objections received for all valuing years	5,684	6,249	4,814	4,933	7,051	-
Number of objections completed for all valuing years	4,972	5,994	5,725	4,346	6,692	-
Number of objections received as a % of valuations issued	0.31%	0.37%	0.28%	0.27%	0.37%	-
% objections to land values completed within 90 days ⁷	84%	59%	67%	76%	50%	80% ⁸
% objections to land values completed within 120 days	96%	73%	80%	92%	73%	90%
% objections to land values completed within 180 days	99%	96%	96%	99%	96%	98% ⁹
Average number of days to complete objections	58 days	89 days	81 days	69 days	80 days	75 days ¹⁰
% of objections that led to a change in land value ¹¹					30%	-

⁶ Where an appropriate number of analysed sales (five or more) is not available for a zone, the local government area is not included in the measure. Statistics published in the 2009-10 Annual Report included all zones for all local government areas; these are now updated in accordance with the new basis

⁷ Enhanced Quality Assurance process introduced in 2012-13 increased time taken to process objections

⁸ KPI of 85% changed to 80% in 2014-15 to accord with the Service Level Agreement and to recognise the increase in processing times as customers have more opportunity to raise concerns

⁹ KPI of 95% changed to 98% in 2012-13 to encourage and support further improvements to service

¹⁰ KPI of 90 days changed to 75 days in 2012-13 to encourage and support further improvements to service

¹¹ First reported in 2015-16 annual report

5.7 Board of Surveying and Spatial Information's report

The Board of Surveying and Spatial Information (BOSSI) (the board), constituted under the *Surveying and Spatial Information Act 2002*, is the statutory body responsible for:

- providing registration of land and mining surveyors
- investigation of complaints against registered surveyors
- taking of disciplinary action against registered surveyors
- developing standards in surveying and spatial information
- providing advice to Government on surveying and spatial information.

Key achievements

During the past year, BOSSI continued to actively work towards its strategic goals and provided leadership and guidance to the surveying and spatial information professions.

Highlights for 2015-16 included:

- a substantial intake of candidate surveyors with the number of financial candidate surveyors currently enrolled with the board being at the highest level since the establishment of BOSSI in 2002
- the gazette of new Surveying and Drafting Directions for the undertaking of mining surveys in New South Wales. These directions were developed in conjunction with the Department of Industry, Resources and Energy
- the development of new Guidelines for Land Surveying Assessments to provide candidates with a handy reference of the requirements and procedures of the board's land surveying assessments
- the incorporation of spatial information competencies into the board's land surveying assessments
- the development of a new Memorandum of Understanding with the Association of Consulting Surveyors NSW for the continuation of the long term partnership with the board in the training and assessing of candidates in the topics of town planning and engineering
- the development of a Charter, Code of Conduct and Privacy Policy for the board.

BOSSI continued to support sponsorship of university medal and merit awards for the most successful candidates. It also sponsored the Surveyor General Scholarship for women in surveying which was awarded to Katherine Lindsay, undertaking the Bachelor of Engineering (Surveying) degree at the University of Newcastle.

Mission

The board's leadership role is to ensure that confidence is maintained in the integrity and provision of focused and sustainable survey and spatial information services for the benefit of the community and the economy of NSW.

Aims and objectives

The board, in all its dealings, strives for excellence and quality. The board accepts that the community is entitled to expect reliable and professional service at reasonable cost. The board's philosophy is to ensure that public confidence is maintained in the provision of survey and spatial information services.

The board's aims and objectives are in three key areas: qualifications, education and spatial information.

Qualifications

- to maintain the register of registered land and mining surveyors. To grant registration to surveyors under the provisions of the *Surveying and Spatial Information Act 2002*
- to establish minimum competency standards
- to maintain the credibility of the register by ensuring surveyors with overseas and interstate academic qualifications meet the standards required under the *Surveying and Spatial Information Act 2002*.

Education

- to work with education and professional institutions to develop education and training programs to ensure quality standards in education and professional development are maintained
- to encourage spatial information practitioners and registered surveyors to undertake appropriate education and relevant continuing professional development to maintain and improve competency
- to assist surveyors to gain qualifications by determining, recording and accepting accrued practical experience.

Spatial information

- to identify key spatial sector stakeholders and to develop communication and promotion strategies and benefits for the board, the public and private sectors
- to advise the Minister on matters relating to spatial information
- to develop policies, assess and recommend quality standards for collection, collation, management and dissemination of all identified types of spatial information relevant to the NSW Spatial Data Infrastructure (SDI).

Report on operations

Registrations

The register of surveyors contains the names of 1,039 registered surveyors who the board considered competent to perform land and mining surveys in NSW. The total number of registrations included 40 new registrations either by competency or mutual recognition.

During 2015-16, the board issued 17 letters of accreditation to interstate boards. These reciprocal arrangements between BOSSI and other jurisdictions are in accordance with National Competition Policy (NCP) Principles and the *Trans-Tasman Mutual Recognition (NSW) Act 1996*.

Qualifications

For surveyors to be registered in NSW, they must hold a recognised qualification.

The board recognises various three and four-year degrees from universities throughout Australia and New Zealand, information about which can be found on the board's website. For any unrecognised interstate or overseas qualifications, the board provides a process for independent assessment to determine equivalency.

During 2015-16, BOSSI reviewed 32 overseas academic qualifications and one interstate qualification.

Examination

BOSSI met for a total of 10 working days during September and October 2015 and February and March 2016 to assess the professional competence of graduate surveyors through examinations. BOSSI had no candidate surveyors undertaking Professional Training Agreements (PTA) this reporting period. A total of 25 applicants were issued with certificates of competency.

During 2015-16, the Association of Consulting Surveyors (ACS) conducted two assessment workshops for engineering, and two for town planning. Board members were involved in the assessment of candidates completing these courses.

Candidate training

To assist candidate surveyors attempting assessment, BOSSI conducts an annual candidate training workshop at Kurri Kurri TAFE. This year, 41 land and four mining candidate surveyors attended. In addition, six land supervising surveyors and one mining supervising surveyor attended with their candidates.

Board members, industry representatives and candidate surveyors who attended the workshop were able to discuss matters relating to the assessment process for both land and mining surveyors.

The workshop consisted of several presentations and examples of urban, rural and strata boundary definition, town planning and engineering design projects. The face-to-face interview component proved both popular and productive.

In addition to the annual candidate training workshop, BOSSI held a spatial information workshop at Parramatta which included several presentations on spatial information and the assessment of spatial information as part of the board's assessment process. At this workshop, 14 land and four mining candidate surveyors attended.

The Institute of Surveyors NSW (ISNSW) conducted training workshops in land boundary surveys for candidate surveyors in an endeavour to prepare them for the BOSSI assessments.

The Australian Institute of Mine Surveyors (AIMS) also carried out training sessions for candidate mining surveyors. Representatives from AIMS also participated in the Kurri Kurri candidate's workshop and as guest assessors for the BOSSI mine surveying examinations.

The involvement of industry associations accorded with BOSSI's strategy of involvement and co-operation of the profession.

Awards granted

BOSSI awards a number of prizes each year. These include the Board of Surveying and Spatial Information Medals for the most successful students in the final year of tertiary study and prizes to recipients of certificates of competency. The following awards were granted during 2015-16:

The Board of Surveying and Spatial Information Medals

Presented to Daniel Vincente from the University of Newcastle and Henry Deng from the University of New South Wales.

Anna Allen Prize

Presented to Thomas Kitto for the best result in the strata and community titles assessments.

Barr Prize

Presented to Vittorio Sussanna for the best result in the rural cadastral surveying assessments.

Clarence Smith Jeffries Mining Award

Presented to James Sherritt for the best result in the mining surveying assessments.

Neil Ryan Memorial Award

Presented to Michael Kadziela for the best result in the urban cadastral surveying assessments.

Staff Surveyors Association Award

Presented to Christopher Green for the most innovative, technically difficult or diverse project presented at the board's assessments.

Surveyor General's Prize

Presented to James Sherritt for the best overall candidate surveyor.

Surveyor registrations

Performance Indicator	2011-12	2012-13	2013-14	2014-15	2015-16
Registered surveyors in NSW	1,061	1,066	1,060	1,042	1,039
New registrations					
By way of certificate of competency	21	31	19	17	23
By way of letter of accreditation from reciprocating boards	3	8	7	12	17
Removal of name from register					
Non-payment of annual roll fees	68	50	54	39	42
At own request	12	21	30	26	26
Deceased	2	0	1	3	4
Restoration of name to register	50	40	48	34	27
Letter of accreditation issued to reciprocating boards	24	28	22	13	17
Candidate enrolments	40	48	46	59	75
Total financial candidates	159	158	165	197	232
Assessment of overseas qualifications	9	15	25	25	32
Assessment of interstate qualifications	0	0	0	3	1
Meritorious certificates awarded	16	14	23	20	19

Stakeholder engagement

During the reporting year, meetings were held with representative members from NSW professional associations including land and mining surveyors and various spatial information disciplines, to maintain the interaction between BOSSI and these professions.

BOSSI continued to explore additional pathways to registration involving assistance from the Institution of Surveyors NSW (ISNSW), the Association of Consulting Surveyors (ACS) and the Australian Institute of Mine Surveyors (AIMS). These agencies instituted training programs to assist candidate surveyors achieve registration.

Members of the board and the Registrar presented papers at various industry development and continuing professional development (CPD) events during the reporting year. This involvement of the board with the profession gave registered land and mining surveyors an opportunity to discuss relevant issues directly with board representatives.

Continuing professional development

Compliance with BOSSI's CPD requirements is mandatory for surveyors renewing their registration. BOSSI has ratified the following five organisations for CPD purposes which include the conduct and assessment of CPD activities and issue of CPD compliance certificates:

- Institution of Surveyors NSW Inc
- Association of Consulting Surveyors NSW
- Australian Institute of Mine Surveyors Limited NSW Division
- University of Newcastle
- Surveying and Spatial Sciences Institute

BOSSI undertakes an audit of CPD compliance involving 20 per cent of surveyors renewing their annual registration in accordance with the policy. During 2015-16, 214 surveyors were audited, all of whom the audit panel deemed to have complied with the policy.

Governance

Functions of the board

As set out in the *Surveying and Spatial Information Act 2002*, the board's functions are:

- registration of surveyors
- investigation of surveyors' registration and licensing schemes in other states and territories, and the provision of advice to the Minister in connection with the recognition of the qualifications and experience of surveyors registered or licensed under such schemes
- investigation of complaints against registered surveyors
- taking of disciplinary action against registered surveyors
- investigation of matters referred to it by the Minister for advice or report in relation to surveying or any other aspect of the spatial information industry
- investigation and provision of advice to the Minister with respect to the practice to be followed in the conduct of surveys or in the collection, collation and dissemination of any other kinds of spatial information
- the provision of advice to the Minister on the maintenance of the integrity of the state cadastre
- provision of advice to the Minister about any other matter in connection with the administration of this Act.

The board has other functions conferred or imposed on it by, or under, this or any other Act or law.

Board members

Members are appointed to the board in accordance with the provisions set out in section 27 of the *Surveying and Spatial Information Act 2002*.

Board members and attendance

Members	Board meetings
Mr Des Mooney, President, Surveyor General of New South Wales, MBA (Syd), B Surv (Hons), MIS Aust, FAICD Dip, FAIM, Justice of the Peace Ex-officio position Appointed October 2011	5
Mr Paul Harcombe, B Surv (UNSW), BSurv (UNSW), MGeom (Melb), FISNSW, FSSSI, Deputy Surveyor General of New South Wales Nominee of Chief Executive, Land and Property Information Appointed January 2003 term expires June 2018	4
Mr Mark Gordon, B Surv (Hons 1) (UNSW), Hon FIS, FSSI, Registered Land Surveyor Nominee of Institution of Surveyors NSW Inc Appointed January 2003 term expired February 2016	2
Mr Robert Harrison, B Surv (UNSW), FIS Nominee of Institution of Surveyors NSW Inc Appointed February 2013 term expires June 2018	5
Mr Christopher Abbott, B Surv (UNSW) Nominee of Institution of Surveyors NSW Inc Appointed July 2015 term expires July 2017	5
Mr Christopher Moy Nominee of Australian Institute of Mine Surveyors Ltd Appointed January 2011 term expires June 2018	5
Ms Heidi Brown, BSc (Curtin), MInfoSys (UOW), GISP-AP Nominee of Surveying & Spatial Science Institute Appointed January 2008 term expired March 2016	2
Mr Bruce Douglas, B Surv (UQ) Nominee of Geospatial Information and Technology Association Appointed January 2010 term expired March 2016	4
Mr Gregory Oxley, B Surv (Hons) (UNSW), MIS, Registered Surveyor Nominee of Association of Consulting Surveyors NSW Appointed April 2012 term expired March 2016	3
Ms Regina Haertsch, MALP (USyd), GCDisputeResol (UWS), BA (Hons) (USyd) Nominee of Minister for Fair Trading Appointed July 2015 term expires July 2017	6
Dr Craig Roberts, PhD (UNSW), B Surv (USA) Nominee of University of New South Wales Appointed July 2015 term expires July 2017	5

Advisors and observers	Board meetings
Mr Michael Spiteri, Registrar	6
Ms Margaret Hole AM, DipLaw, Barristers Admission Board Legal Advisor to the board	6
Mr David Job, B Surv (UNSW), MIS	4

Advisors and observers	Board meetings
Principal Cadastral Surveyor, Land and Property Information Chief Examiner and Advisor to the board	
Mr Edward Garvin, B Surv (UNSW), PGDip Urban Studies (UMacq), MBA (UWS) Spatial Information Advisor to the board	3
Ms Narelle Underwood, BE (UNSW), Registered Surveyor Young Surveyor Advisor to the board	3
Mr Jeff Brown, B Surv (UNSW), Registered Surveyor Surveyor General of the ACT - Observer	5

Board meetings

The board met formally on six occasions during the year. At a meeting of the board, a majority of the board members constitutes a quorum. In the event of an equality of votes, the presiding member has a second, or casting, vote.

Board subcommittees

The board has established subcommittees to complete key tasks at the direction of the board. These include the Training Committee, Finance and Audit Committee, Spatial Information Committee, Professional Audit and Investigation Committee, Discipline Committee, and Land and Mining Committee.

Administration

Section 28A of the *Surveying and Spatial Information Act 2002* makes provision for a registrar and other officers to enable the board to exercise its functions. To carry out this function LPI employed a secretariat which consisted of four staff members. LPI also provided further administrative and technical support to assist the board in its day-to-day operations.

Future focus

With the separation of LPI from 1 July 2016 and the appointment of a new Surveyor General, the board's main focus will be a review of its operations and strategic plan to maintain the high standards that the public expects of surveying and spatial information professionals and investigate more efficient methods for maintaining these high standards.

6. Appendices

6.1 Accounts payable performance

For: LPI, OSR, Government and Corporate Services, Better Regulation, Fair Trading, Public Works, ICT and Digital Government (formerly Service Innovation and Strategy), Office of the Secretary.

Aged analysis at the end of each quarter

Quarter	Current \$'000	Less than 30 days overdue \$'000	Between 30 and 60 days overdue \$'000	Between 61 and 90 days overdue \$'000	More than 90 days overdue \$'000	Total \$'000
All suppliers						
September 2015	48,825	285	310	98	0	49,518
December 2015	46,488	2,453	359	59	63	49,422
March 2016	54,009	548	138	425	226	55,346
June 2016	86,999	4,733	314	108	66	92,220
Small business suppliers						
September 2015	60	-	-	-	-	60
December 2015	131	38	4	17	-	190
March 2016	37	-	-	-	-	37
June 2016	123	-	-	-	-	123

Note: Small business registration with the department began in January 2012. A small business is defined as an Australian or New Zealand business with an annual turnover of less than \$2 million.

Accounts due or paid within each quarter

Measure	Sep-15	Dec-15	Mar-16	Jun-16
All suppliers				
Invoices due for payment (#)	41,403	39,163	34,540	41,053
Invoices paid on time (#)	39,942	36,532	32,028	37,254
Actual percentage of invoices paid on time (based on number of invoices)	96.47%	93.28%	92.73%	90.75%
Amount due for payment (\$'000)	436,706	387,849	373,378	439,935
Amount paid on time (\$'000)	417,351	371,774	349,068	413,205
Actual percentage of accounts paid on time (based on \$)	95.57%	95.86%	93.49%	93.92%
Number of payments for interest on overdue accounts (#)	-	-	1	-
Interest paid on late accounts (\$)	-	-	23	-

Measure	Sep-15	Dec-15	Mar-16	Jun-16
Small business suppliers				
Invoices due for payment received from small businesses (#)	322	371	397	417
Invoices from small businesses paid on time (#)	313	363	383	412
Actual percentage of small business invoices paid on time (based on number of invoices)	97.20%	97.84%	96.47%	98.80%
Amount due for payment to small businesses (\$'000)	1,519	1,276	742	980
Amount due to small businesses paid on time (\$'000)	1,508	1,061	670	959
Actual percentage of small business accounts paid on time (based on \$)	99.27%	83.21%	90.25%	97.83%
Number of payments to small business for interest on overdue accounts (#)	-	-	1	-
Interest paid to small businesses on late accounts (\$)	-	-	23	-

Note: the report does not include payments made to employees, payments related to payroll and super. Small business registration began in January 2012. All numbers are reported from 30 days from receipt of a correctly rendered invoice.

DFSI improved its payment performance by adopting the government's initiative encouraging payments to all suppliers within 30 days from receipt of a correctly rendered invoice. Small businesses are mandated to be paid within 30 days.

DFSI made one interest payment to small business in the financial year due to administrative failures for which staff were given additional training and education.

6.2 Annual report preparation

DFSI's 2015-16 annual report was produced internally and no external incremental costs were incurred.

The report is also available in PDF on the DFSI website <https://www.finance.nsw.gov.au/publication-and-resources/annual-reports>.

6.3 Consultants

Engagements over \$50,000

Consultant	Business unit	Category	Purpose	Expenditure
PwC	Service Innovation & Strategy	Management service	Review of the Data Centre Reform Strategy	\$148,400
PwC	Land and Property Information	Management service	Initial Governance Model Review	\$111,903
PwC	Vendor Management Office	Organisational review	Advice on the ServiceFirst Outsourcing Project	\$70,000
KPMG	Land and Property Information	Management service	Fee NSW Treasury	\$1,025,140
KPMG	Land and Property Information	Management service	Project Support for the separation of Land and Property Information	\$3,144,931

Consultant	Business unit	Category	Purpose	Expenditure
KPMG	Corporate Services	Management service	Development of the Data Analytics Centre business plan	\$199,818
Ernst & Young	Service Innovation & Strategy	Management service	Review of Enterprise Architecture for OneGov	\$99,300
Boston Consulting Group	Land and Property Information	Management service	Review of Concession Model for Titling and Registry Services	\$3,733,795
Boston Consulting Group	Corporate Services	Management service	Advice on developing a whole of Government Telecommunications Strategy	\$1,375,000
Boston Consulting Group	Corporate Services	Management service	Advice on the framework for Best Practice ICT Project Delivery	\$785,000
Portland Group Pty Ltd	Corporate Services	Management service	DFSI Fleet Review	\$602,187
Cubic Consulting Pty Ltd	Office of State Revenue	Management service	Change communication and marketing management capability to support the delivery of E-property program work.	\$592,369
The Hackett Group Australia P/L	Vendor Management Office	Organisational review	Advice on the ServiceFirst Outsourcing Project	\$226,029
Gordian Global Solutions	Vendor Management Office	Organisational review	Advice on the ServiceFirst Outsourcing Project	\$212,138
Bendelta	Corporate Services	Management service	Organisational review for SDI	\$153,415
Crown solicitors office	Office of State Revenue	Management service	Review of Land valuations	\$143,400
JP Morgan	Land and Property Information	Management service	Fee NSW Treasury	\$125,000
Key Pacific Advisory Partners	Vendor Management Office	Organisational review	Advice on the ServiceFirst Outsourcing Project	\$87,500
Energetics P/L	Services Innovation & Strategy	Management service	Provide strategic advice to Energy Procurement Committee (EPC) for contract 777 - Retail Supply of Electricity to Large Sites.	\$85,380
Geo-Logix Pty Ltd	SafeWork NSW	Environmental assessment and geotechnical services	Consultancy services for site inspection and investigative works on soil and water contamination in Londonderry	\$52,658
Total engagements over \$50,000				\$12,973,363

Engagements under \$50,000

Category	Number of engagements	Expenditure
Finance and accounting/tax	1	\$21,948
Information technology	1	\$8,250
Legal	1	\$6,200
Management services	10	\$243,601
Organisational review	2	\$19,191
Total engagements under \$50,000	15	\$299,189
Total cost of consultants		\$13,272,552

6.4 Consumer response

Better Regulation

The Customer Service Centre

The Customer Service Centre (CSC) is responsible for customer management on behalf of SafeWork NSW and the State Insurance Regulatory Authority (SIRA) and acts as the voice of the customer, leading policy and practice in customer service and complaints handling. SIRA produced its own annual report.

Complaints rating

- Level 1 is an initial complaint received at the frontline and generally resolved within two business days
- Level 2 is a complex complaint that requires investigation and a formal response – turnaround time for completion is up to 20 days. Complaints that aren't resolved at Level 2 may escalate to Level 3
- Level 3 requires an external review of the decision/outcome and is generally handled by an external body such as the NSW Ombudsman and NCAT.

The complaints framework has been implemented across SIRA/SafeWork and has resulted in a significant reduction in complaints to the NSW Ombudsman.

Complaints in 2015-16:

- 3,257 x Level 1 complaints
- 1,104 x Level 2 complaints
- 4 x Level 3 complaints
- of Level 2 complaints received for the 12 months, 44.3 per cent were identified as outside standard, indicating non-adherence to legislation, guidelines and best practice.

Customer forums were held with workers so they could share their experiences. These provided great insight into those areas where claims processes and claims management may be improved. This information was fed into the business to inform customer insights about legislation, guidelines, forms, publications etc.

Complaints data highlighted trends within insurer portfolios that informed areas for improvement in claims processes. These included:

- the financial impacts of untimely decision making on injured workers receiving weekly payments; and on treatment requests that would ultimately ensure an earlier return to work and health within the initial stages of injury
- the inclination of some insurers to apply a reasonable excuse rather than accepting provisional liability on psychological injuries prompted a review of insurer processes
- insurers deciding to cease weekly payments without communicating a decision with a notice period or dispute process to injured workers impacted procedural fairness.

It was also evident from the complaints data and customer sentiment that injured workers and employers continue to experience difficulty when navigating the workers compensation system. This causal effect is due to an assumption by claims staff that all stakeholders have a working knowledge of the workers compensation system.

New customer experience model delivered improved customer outcomes

Customer Experience staff tracked and responded to customer feedback that was either logged by staff, or received through regular Net Promoter Score (Customer Satisfaction) Surveys.

Several complaints were received from customers who had lost their General Induction Training (GIT) licence card and were waiting for a replacement but needed to apply for a Building Licence with Service NSW (who deliver the service on behalf of Fair Trading). As part of their application, they needed to provide proof that they held a current GIT licence. If a customer's licence is lost, SafeWork NSW issues a letter of confirmation as proof of holding a GIT card since provision of a replacement card can take up to three weeks. When customers tried to lodge their application using the confirmation letter, they were advised that it was not acceptable proof and that they needed the actual licence to submit their application. This resulted in delays and frustration for customers.

As the Home Building and SafeWork NSW functions are both now part of Customer Experience, they worked together to change the requirement and have the letter of confirmation accepted by Service NSW when customers lodge a Building Licence. Service NSW quickly updated its internal processes to allow the letter of confirmation to be accepted in lieu of the physical GIT card from 1 July 2016.

Improved website experience

Following 86 complaints from customers about their inability to download/access certain forms on the website, the Quality Assurance and Policy team worked with the DFSI Digital Communications team to provide an interactive form, and a static version available on the website, for any users having internet browser issues.

NSW Fair Trading

Fair Trading publishes customer services standards which outline the service delivery standards the people of NSW can expect when interacting with Fair Trading. During 2015-16, Fair Trading received 7,799,047 requests for service. This included 5.1 million website visits, 1.1 million telephone enquiries with additional requests for service comprising complaints, applications, rental bond lodgements and renewals for licences and registrations.

Fair Trading encouraged consumers and traders to provide feedback on their experience. This was done by phone, through the mail or at www.fairtrading.nsw.gov.au.

This feedback was captured in Fair Trading's Customer Feedback management system and managed in accordance with DFSI's Customer Feedback Management policy.

In 2015-16, Fair Trading received 517 customer feedback responses from consumers and traders, comprising 213 (41%) compliments, 45 (9%) suggestions and 255 (49%) complaints.

Compliments expressed praise for various aspects of customer service, especially service quality and staff actions, including helpfulness, professionalism and accuracy of information.

Complaints were often made in the context of complex issues that may involve potential or actual detriment to the complainant. Complaints related to timeliness and lack of response or feedback, dissatisfaction with the outcome of a complaint about a marketplace dispute, and accuracy of services.

Fair Trading actively monitored its customer complaint handling performance and evaluated customer complaint volumes and trends for service improvement purposes.

ICT and Digital Government

NSW Procurement Service Centre statistics

The NSW Procurement Service Centre managed 26 per cent more calls compared to 2014-15, mostly due to the growth in small to medium supplier registration on schemes and the introduction of Live Chat as a new online channel on ProcurePoint.

Against a target of 85 per cent for calls resolved at the first level, the Service Centre achieved 97 per cent, showcasing the quality of services provided using the single touch point concept (answering a customer's query in their first contact with NSW Procurement). Calls related to contracts and tendering were in the majority at 59 per cent of the volume.

2015-16 Service Centre statistics by incident type					
	2015-16	% of Total	2014-15	% of Total	2013-14
Contracts and schemes	5340	30%	3861	27%	6055
Tendering	5007	29%	4399	31%	6,551
Purchasing	1502	9%	1,625	8%	2,691
Policy	834	5%	570	4%	1,268
Construction	668	4%	1,026	7%	674
Other issues	4206	24%	2,501	23%	1,226
Total	17,557	100%	13,982	100%	18,465

2015-16 Service Centre statistics					
	2015-16	2014-15	2013-14	2012-13	2011-12
Total number of incidents	17,557	13,982	18,468	17,522	25,744
LiveChat (since Jan 2016)	868				
Total number resolved first level	16,182	12,584	15,645	14,373	20,759
% first level	92%	91%	86.00%	82.03%	80.64%
Total number resolved in Service Level Agreement	16,126	12,786	17,887	16,646	24,202
% calls resolved in Service Level Agreement	92.0%	95.7%	91.0%	95.0%	94.0%
Compliments	90	32	38	356	451
Complaints	9	3	1	10	5

Land and Property Information

LPI is committed to providing its customers with a continuously high level of customer service, through a variety of communication mediums including telephone, email, website and face-to-face. LPI interacts with customers by responding to enquiries, feedback and complaints in a timely manner.

Customer interactions

Call Centre

In 2015-16, the Call Centre received 166,171 calls, a decrease of 2.02 per cent from the previous financial year. The average customer waiting time was 43 seconds, an improvement on the previous year's 55 seconds, against a target of less than 60 seconds. Similarly, the customer abandonment rate decreased to 2.59 per cent this year, from 3.21 per cent in the previous year, against a target of less than 5 per cent.

Email enquiries

In 2015-16, the number of email enquiries totalled 11,501, an increase of 8 per cent from the previous financial year. Of all enquiries received, 89 per cent were responded to within two business days. This is a decrease from 95 per cent in 2014-15, yet still above the target of 80 per cent.

Client Services counter

In 2015-16, the Client Services counter assisted 22,684 customers, a decrease of 9.37 per cent from the previous financial year. The average customer wait time was 12 minutes and 25 seconds, which is longer than the target waiting time of 10 minutes.

Customer satisfaction

Customer satisfaction continued to be measured through the Customer Is Our Focus program. Customers were invited to complete a survey rating LPI's performance on several key indicators including face-to-face service, phone, website and email.

	This year	Previous year
Total responses submitted	580	1,063
Customers satisfied with LPI's overall performance	95.4%	96.3%

96.3 per cent of customers who interacted with LPI face-to-face were satisfied with its overall performance. Similarly, 92.9 per cent of phone customers were satisfied, 88.6 per cent of website customers, and 100 per cent of email customers.

Complaints

Twelve complaints were received in 2015-16, which were reviewed and responded to by the relevant business manager. All complaints were addressed in a timely manner by phone, letter or email.

Reason for complaint	Total this year
Attitude of Call Centre/Customer Service staff	3
Dealing lodgement requirements	2
Requests for refunds for unnecessary title searches due to misinformation provided by staff	2
Waiting times to register a title and response from registration staff	2
Loss of registration documents by LPI	1
Land valuation procedures	1
Delivery of a title by Australia Post	1

Property and Housing Group

PHG responded efficiently and effectively to feedback from customers, tenants and visitors to its precincts. During the year, a total of 19,222 reports, requests, compliments and complaints were captured through the Customer Request Management System (CRMS).

This system was linked to a dedicated Customer Service Request Line which operated 24 hours, seven days a week and allowed PHG to identify key trends and issues within its precincts and respond accordingly.

Complaints received through the system related to various matters, including busking, noise and the removal of rubbish. PHG responded quickly and equitably to CRMS complaints, completing 91 per cent of all requests on time.

Additionally, PHG encouraged feedback from the general public via an online platform on its corporate website and responded to 772 emailed compliments, complaints and enquiries captured through this system. In 2015-16, PHG captured 13,608 posts on Darling Harbour Facebook and 4,025 posts on The Rocks Facebook. It also actioned 311 enquiries via the Darling Harbour website and 265 enquiries via The Rocks website.

PHG used feedback received during the year to improve customer service levels, including service delivery in its precincts.

Office of State Revenue

During 2015-16, OSR received 155 complaints, 156 compliments and 24 suggestions for improvements.

Complaints

Of the 155 complaints received throughout the year, 49 were found to be unsubstantiated, with no further action required. Of the substantiated matters:

- 52 per cent related to customer service issues;
- 18 per cent related to internet or online payment systems;
- 10 per cent related to a delay or lack of response to correspondence;
- 8 per cent related to notices not being received or sent to an incorrect address;
- 11 per cent related to various specific issues.

Continuous improvement program

OSR had a continuous improvement program in place. All substantiated complaints and suggestions for improvement were fed into this program and used to review and improve business processes.

All clients with substantiated complaints were contacted, or contact was attempted. Letters of apology were sent to acknowledge the problem and to outline what was being done to resolve it.

In response to issues around the length of time waited for phone service, OSR trained additional staff to enhance their ability to meet demand. Other communication channels such as increased use of email and after-hours call backs have also been introduced in response to complaints and suggestions.

As well, a number of changes were made to the OSR websites in response to identified problems, to clarify information and to provide additional support for customers.

6.5 Corporate credit card use

As required by *Treasury Policy Paper TPP 05-1 Credit Card Use Best Practice Guide*, I certify that corporate credit card use in the Department of Finance, Services and Innovation during 2015-16 has been in accordance with Premier's Memoranda and Treasurer's directions.

Martin Hoffman

Secretary, Department of Finance, Services and Innovation

26/8/2016

6.6 Disclosure of controlled entities

For the purposes of financial reporting, the Department of Finance, Services and Innovation had no controlled entities for the 2015-16 financial year.

6.7 Diversity and inclusion policies and services

Induction/orientations at DFSI

In 2016, the Organisation Capability team reinvigorated and relaunched the department's Orientation Day program to give new starters an experience which:

- connected them with the department's vision and strategic priorities
- introduced them to DFSI values and how the department works
- provided opportunities to meet other new starters and senior executive presenters
- connected them with myCareer and showed how they can start to build their career in DFSI.

In 2015-16, 160 staff throughout DFSI attended the DFSI Orientation Day.

To accompany the face-to-face experience, the Organisation Capability and myCareer teams designed a new online welcome and orientation experience for new starters to the department. It included a welcome video from the Secretary of DFSI and a link to the new suite of mandatory e-Learning modules that staff can complete on a desktop computer, smart phone or tablet. The modules covered a range of key topics such as:

- Code of Ethics and Conduct
- Introduction to workplace health and safety (WHS)
- WHS due diligence
- Respectful workplace

People development

Nominations for Public Service Commission (PSC) Leadership Academy

The NSW Leadership Academy is a set of whole of government programs run by the PSC and governed by the Secretaries Board. The Academy's programs target key transition points for NSW public sector leaders. In 2015-16 DFSI put forward:

- 29 nominations for Leading Executives – a 12-month program for directors and executive directors (bands 1 & 2) ready to take on further leadership experience in higher level or more complex roles

- 14 nominations for Leading Managers – a six-month program for people managers (grade 11/12) currently leading teams to develop leadership capabilities required for higher level or more complex roles
- 16 nominations for Executive Leadership Essentials – a one-day introduction program for leaders new to the public sector.

One member of the cluster executive is enrolled in the “Leading an Agency” 12-month program designed for deputy secretaries, with a further two nominated for 2016-17.

Flagship Leadership Program

The Secretary, DFSI, identified as a priority for 2016 the development of a Flagship Leadership Program to support the department’s transformation process and lead its change agenda. The program will be facilitated through a partnership with an external agency/provider. It will reflect DFSI’s commitment to innovative best practice in the development of its current and future leadership capabilities.

The program will be launched in the second half of 2016, with the first cohort of 25 leader nominees to be followed by a further two cohorts of 25 each in 2017.

Leadership Essentials Program

The Leadership Essentials program is a three-module program which will increase the leadership capability of DFSI’s people leaders and ensure a high performance culture. The program is designed for people leaders and frontline managers from grades 9/10 through to Senior Executive Band 1. It covers critical leadership concepts and will provide tools and techniques that can be applied in the workplace to improve manager and team effectiveness.

Two hundred and forty people leaders were nominated to attend the first round of the program in July/August 2016. The program will be offered to all divisions during 2016-17.

Corporate Executive Board (CEB) Leadership Program

In the first half of 2016, DFSI partnered with the Corporate Executive Board (CEB) to provide a tailored leadership program for 18 DFSI people leaders at 11/12 manager level. The three-day program addressed leadership behavioural styles, team leadership, coaching and influencing.

Diversity and inclusion

The DFSI Diversity and Inclusion (D&I) Strategy 2015–2019 was approved and launched at the end of 2015.

The Young Professionals Network (YPN)

The Young Professionals Network (YPN) supports the personal, professional and social development of DFSI employees aged 35 years and under. It gives young professionals the opportunity to build their networks, knowledge and skill sets, and is an advocate for the cohort’s professional interests.

The YPN was relaunched in July 2015 to over 1,300 members and during the year it:

- co-ordinated six tables at the flagship annual IPAA CEO and young professionals breakfast
- hosted three executives and young professionals networking afternoon teas in the Sydney CBD, Gosford and Parramatta
- sponsored five places (including one regional delegate) at the Australian School of Applied Management’s annual NSW Public Sector Young Leaders Conference
- raised over \$1,800 and collected more than 150 individual Christmas gifts in support of the Benevolent Society’s Gifts for Good Appeal, supporting families in the Central Coast region

- piloted the innovative 'Connect' community social collaboration tool on myCareer to inform its rollout to the cluster
- enjoyed strong participation at two inter-agency lawn bowls events
- promoted the YPN by participating in panel discussions at the DFSI orientation events
- connected with other YPNs across the public sector to share objectives and provide cross-government networking opportunities.

Women in Leadership

In September 2015, the NSW Premier published priorities relating to diversity which included the target to increase the representation of women in senior leadership roles to 50 per cent across the NSW Government sector. Current statistics for DFSI show a representation of 35.4 per cent women in senior leadership roles.

We are committed to a broad diversity and inclusion (D&I) agenda and an overarching D&I strategy that will underpin the growth of a customer focused culture, support the development of key capabilities such as inclusive leadership, innovation and employee engagement, and reach targets relating to Aboriginality, gender and people with disability as laid out in the Premier's Priorities, the *Government Employment Sector Act 2013* (GSE Act), and by the Public Sector Commission.

A key priority in the DFSI D&I strategy is to improve the representation of women in leadership roles through targeted attraction, recruitment, development and retention strategies. A number of initiatives have been identified to help support delivery of the DFSI Women in Leadership strategy including the rollout of quarterly Women in Leadership Forum events, mentoring opportunities, participation in Public Sector Commission and private leadership development programs, and review of recruitment process and return-to-work programs.

The Women in Leadership program was launched on 27 June 2016, followed by a three-day development program with the Australian Institute of Company Directors (AICD) in July 2016. Twenty-five senior women completed the program and received an AICD certificate.

Aboriginal Workforce Strategy 2013-2016

The DFSI Aboriginal Workforce Strategy (AWS) 2013–2016 aims to increase the representation of Aboriginal and Torres Strait Islander people in the workforce. Since it commenced, representation has increased from 1.7 to 2.0 per cent, but is still lower than the 2.6 per cent required by the Public Service Commission.

A key priority for DFSI is to improve Aboriginal representation and distribution in employment through targeted attraction, recruitment, development and retention strategies. A number of initiatives have been identified to help support the delivery of these strategies. These initiatives are informed by the NSW Public Sector Aboriginal Employment Strategy and will be managed by the Manager Aboriginal Programs who will commence late 2016.

Eight Aboriginal students participated in a traineeship during 2015 and graduated with a Certificate II in Business Services in addition to their HSC.

Several NAIDOC celebrations were held across offices in Sydney, Parramatta and Gosford where community leaders, Aboriginal elders and Aboriginal staff were invited to share Aboriginal culture, achievements and history with the wider DFSI community. Over 150 people attended the celebrations.

The Fair Trading Contact Centre has Aboriginal staff that assist Aboriginal consumers on a free call enquiry line. In 2015, it received over 1,721 calls, and between January and June 2016, it received over 900 calls.

Fair Trading funds four Aboriginal Tenants Advice and Advocacy Services (ATAAS) in NSW. ATAAS assists the NSW Government to achieve its consumer protection and social justice policy objectives

through the 'direct service' provision of information, dispute resolution services and advocacy on behalf of Aboriginal tenants. In addition, ATAAS provides a range of specialist resource services and community engagement activities, and has a particular focus on vulnerable Aboriginal public and social housing tenants.

Disability Inclusion Action Plan

The Disability Inclusion Action Plan (DIAP), launched in December 2015, demonstrated DFSI's commitment to:

- increase accessibility to information, services and our workplaces for people with disability
- ensure positive attitudes and behaviours towards people with disability are evident in interactions
- find ways we can attract and retain people with disability
- identify improvements in accessibility to DFSI systems and processes for people with disability.

The department's Disability Action Committee, comprising representatives from divisions, and all centralised functions, will coordinate the DIAP's implementation. The committee will report twice a year to a proposed Diversity Inclusion Council which will be set up in the second half of 2016. It will comprise members of the Executive, and representatives from each diversity focus category.

Community Language Allowance Scheme

DFSI promotes language awareness through the Community Language Allowance Scheme (CLAS), recognising the skills of bilingual staff and providing language assistance in 24 languages to customers from non-English speaking backgrounds.

Carers

DFSI provides a suite of flexible work arrangements and support for staff to balance work and caring responsibilities. This includes the provision of online parenting and elder care kits available to all staff and membership of the NSW Carers Association.

Cultural Diversity - Harmony Day 21 March 2016

Harmony Day is an annual event celebrated around the country to recognise and appreciate cultural differences. At DFSI the day provided a special opportunity to bring employees together to celebrate workplace diversity and an inclusive workplace which reflects the diversity of our customers and community, providing business benefits such as increased innovation and improved customer service.

In 2016, staff were invited to host a Harmony Day café in the workplace and 18 DFSI offices responded by organising events.

Workforce diversity

Trends in the representation of workforce diversity groups

Workforce Diversity Group	Benchmark/ Target	2014 ^{1,2}	2015 ^{1,2}	2016 ¹
Women	50%	51.0%	52.1%	54.1%
Aboriginal and Torres Strait Islander people	2.6%	2.0%	2.0%	1.8%
People whose First Language Spoken as a Child was not English	19.0%	21.4%	22.0%	21.0%
People with a Disability	N/A	6.1%	6.0%	6.5%
People with a Disability Requiring Work-Related Adjustment	1.5%	2.0%	1.8%	2.2%

Trends in the distribution of workforce diversity groups

Workforce Diversity Group	Benchmark/ Target ³	2014	2015	2016
Women	100	90	91	92
Aboriginal and Torres Strait Islander people	100	86	84	94
People whose First Language Spoken as a Child was not English	100	96	97	98
People with a Disability	100	92	92	92
People with a Disability Requiring Work-Related Adjustment	100	89	89	86

Notes

- 1 Statistics are based on Workforce Profile census data as at 19 June 2014, 18 June 2015 and 30 June 2016.
- 2 Workforce diversity statistics for 2014 and 2015 reflect the current composition of the department and may vary from those reported in previous annual reports.
- 3 A Distribution Index of 100 indicates that the centre of the distribution of the Workforce Diversity group across salary levels is equivalent to that of other staff. Values less than 100 mean that the Workforce Diversity group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the Workforce Diversity group is less concentrated at lower salary levels.

Forward planning diversity and inclusion

- Continue to focus on increasing the number of women in senior management roles and support this with inclusion strategies
- Establish key performance indicators for DFSI to support its diversity and inclusion strategies and ensure progress is made to achieve targets
- Review the Aboriginal Workforce Strategy in early 2016-17 to encourage and support an increase in the number of Aboriginal and Torres Strait Islander staff. An Aboriginal Program Manager is to commence late 2016.

6.8 Employment and senior executive statistics

Employment statistics

Division	2013 ^{1,2}	2014 ^{1,2}	2015 ^{1,2}	2016 ^{1,2}
Better Regulation Division ^{16,19}				1015.1
Government & Corporate Services ^{16, 23,24}	172.2	155.9	200.7	633.4
Government Services ^{11, 23,24}	747.3	663.9	553.3	
ICT & Digital Government ^{9,10}		36	43.1	166.7
Land & Housing Corporation ^{4,7}	498			
Land & Property Information	896.3	840.1	828.5	768.2
Mine Subsidence Board ¹⁵				26.0

Division	2013 ^{1,2}	2014 ^{1,2}	2015 ^{1,2}	2016 ^{1,2}
NSW Fair Trading ^{3,8,25}	834.1	705.7	701.9	522.04
NSW Public Works	831.3	791.6	749.6	567.54
Office of Finance ^{5,12,14}	23.9	52.6		
Office of State Revenue	1,213.80	1,245.70	1,359.80	1355.4
Office of the Secretary ^{13,21,22}	51.8	41.3	15.7	34.4
Property & Housing Group ¹⁴	164.2	177.8	146.3	294.2
Safety, Return to Work & Support ¹⁶	1,316.80	1,371.30	1,357.70	
SiCorp ^{6,12,20}			39.4	
Workers Compensation Independent Review Office ^{16,17}				29.00
Workers Compensation Commission ^{16,18}				57.1
Total	6,749.50	6,081.90	5,996.10	5469.1

Notes

- The statistics above refer to full time equivalent staff (excludes chairpersons, casuals, contractor/agency staff, statutory appointments, trustees, council committee members, staff on secondment to other agencies and staff on long term leave without pay).
- These statistics are based on Workforce Profile census data as at 20 June 2013, 19 June 2014, 18 June 2015 and 30 June 2016.
- NSW Fair Trading now includes Professional Standards Authority from Department of Justice and Building Professionals Board from Department of Planning.
- Land and Housing Corporation was established on 5 October 2011 with staff transferred from the Department of Family & Community Services.
- Office of Finance was established in November 2011.
- SiCorp (41.6 FTE) transferred to the Office of Finance from Treasury on 1 July 2013.
- Land and Housing Corporation was transferred to the Department of Family and Community Services on 2 August 2013.
- Consumer, Trader and Tenancy Tribunal staff (115.7 FTE) in NSW Fair Trading transferred to AGD on 1 January 2014.
- ICT and Digital Government was renamed from Services and Digital Innovation (formerly Service Innovation and Strategy) in 2016. The division was established on 1 February 2014.
- ICT and Digital Government includes NSW Procurement and ICT Strategic Delivery from former Government Services.
- Office of Metro Water staff (18.5 FTE) transferred from Government Services to DTIRIS on 1 May 2014.
- Office of Finance was transferred to NSW Treasury on 1 July 2014; SiCorp remained with the department when the Office of Finance transferred.
- Office of the Secretary was renamed from Office of the Chief Executive in July 2015.
- Property and Housing Group includes Government Property NSW, Teacher Housing Authority of NSW, Waste Assets Management Corporation and Sydney Harbour Foreshore Authority that transferred to Property & Housing Group in 1 July 2015.
- Mine Subsidence Board transferred into the department 1 July 2015.
- Safety, Return to Work and Support was dissolved September 2015 with staff transferred to Better Regulation, Government and Corporate Services and icare. WorkCover Independent Review Office, Workers Compensation Commission have been split out and reported separately.
- Workers Compensation Independent Review Office previously reported in Safety, Return to Work and Support which has been dissolved and was renamed from WorkCover Independent Review Officer.

- 18 Workers Compensation Commission previously reported in Safety, Return to Work & Support which has been dissolved.
- 19 Better Regulation was established September 2015.
- 20 SICorp transferred to icare September 2015.
- 21 Office of the Secretary staff from Ministerial Services and Corporate Affairs transferred to Corporate Services November 2015.
- 22 Office of the Secretary now includes the Change Management Office that transferred from Government and Corporate Services June 2016. Central Policy Office and Strategic Program and Performance Management Office were newly created branches in December 2015.
- 23 Government and Corporate Services was renamed from Corporate Services in January 2016.
- 24 Government Services staff from ServiceFirst, State Records Authority and StateFleet transferred to Government and Corporate Services January 2016.
- 25 NSW Fair Trading staff from the Contact Centre and Licensing transferred to Better Regulation February 2016.

Adjusting for machinery of government changes there has been a 6.1 per cent decrease in FTE in the department over the last 12 months and a 10.3 per cent decrease over the last three years.

Senior Executive statistics

Senior Executive Band	2015				2016			
	Female	Male	Total	% Representation by Women	Female	Male	Total	% Representation by Women
Band 4 (Secretary)						1	1	0%
Band 3 (Deputy Secretary)	1	12	13	8%	0	9 ¹	9	0%
Band 2 (Executive Director)	9	23	32	28%	12	29	41	29%
Band 1 (Director)	102	194	296	34%	88	147	235	37%
Total	112	229	341	33%	100	186	286	35%

Senior Executive Band	2015		2016	
	Range \$	Average Remuneration \$	Range \$	Average Remuneration \$
Band 4 (Secretary) ²	430,451 - 497,300	-	441,201 - 509,750	495,000
Band 3 (Deputy Secretary)	305,401 - 430,450	336,282	313,051 - 441,200	376,183
Band 2 (Executive Director)	242,801 - 305,400	258,145	248,851 - 313,050	270,665
Band 1 (Director)	170,250 - 242,800	172,894	174,500 - 248,850	181,423

Notes

- 1 Includes one employee in a Senior Executive Services level 6 role – wage equivalent to a Senior Executive Band 3.
- 2 Secretary 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.
 - I. Senior Executive statistics exclude casuals, contractor/agency staff, statutory appointments, staff on secondment to other agencies and staff on long term leave without pay.
 - II. Statistics are based on Workforce Profile census data as at 18 June 2015 and 30 June 2016.
 - III. 2015 total excludes three executives with the Office of Finance transferred to NSW Treasury on 1 July 2014.
 - IV. 2016 total excludes SICorp and former Safety, Return to Work & Support executives who transferred to icare September 2015.
 - V. 2016 total includes executives from Sydney Harbour Foreshore Authority (13.0 FTE) and Professional Standards Authority (1.0 FTE).
 - VI. 2016 total includes Better Regulation Division Team Managers who were not included as Senior Executive roles in 2015.
 - VII. Salary ranges effective at the Workforce Profile census dates of 18 June 2015 and 30 June 2016.

In 2016, 11.40 per cent of the department's employee-related expenditure was related to senior executives, compared to 11.88 per cent in 2015.

6.9 Employment relations policies and practices

Flexible Working Hours Agreement

The department successfully negotiated a new Flexible Work Hours Agreement (FWHA) to replace 11 different FWHAs that existed across DFSI. The new agreement was signed on 30 June 2016 and will be implemented in September 2016.

Consultative forums

The rollout of Local Joint Consultative Committees (JCC) across the organisation was completed by the end of 2016. These local JCCs feed into a peak JCC which is chaired by the Secretary, DFSI. These consultative forums greatly assisted in managing any industrial unrest due to the significant change underway across the department.

Salaries, wages and allowances

The agency applied the NSW Wages Policy for wage negotiations, which resulted in wage increases of 2.5 per cent.

NSW Industrial Relations Commission

The following types of matters were dealt with at the NSW Industrial Relations Commission:

Award matters	9
Unfair dismissal	6
General disputes	14

The general disputes related to the new flexible work hours agreement and the various restructure programs underway across the department.

6.10 Funds granted to non-government community organisations

During the 2015-16 financial year, Fair Trading administered grants to:

- Aged Care Supported Accommodation Service
- Home Building Advocacy Service (HoBAS)
- Tenants' Advice and Advocacy Program (TAAP)
- Financial Counselling Services Program (FCSP)
- No Interest Loans Scheme (NILS).

Aged Care Supported Accommodation Service

This program funds the Seniors Rights Service which provides information, education and advocacy services for older residents in retirement villages, nursing homes, hostels and boarding houses.

Funding source: Rental Bond Board Interest Account (100%)

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
Seniors Rights Service Inc	Seniors Rights Service (SRS)	\$485,061.79	Statewide – All NSW
Total		\$485,061.79	

Home Building Advice and Advocacy Service (HoBAS)

This program provides advice and assistance to NSW residential home building consumers caught up in complex disputes with building contractors. The service can arrange negotiations between the parties, assist with the preparation of cases for NSW Civil and Administrative Tribunal hearings and provide representation when appropriate.

Funding source: Fair Trading's revenue (100%)

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
Macquarie Legal Centre	Home Building Advocacy Service (HoBAS)	\$253,080.18	Statewide – All NSW
Total		\$253,080.18	

Tenants' Advice and Advocacy Program

This program is fully funded by Fair Trading. The Program delivers advocacy, information and education services for tenants.

Funding source: Rental Bond Board Interest Account (50%), the Property Services Statutory Interest Account (50%)

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
Inner Sydney Tenants Advice and Advocacy Service (ISTAAS)	Redfern Legal Centre	\$417,833.56	Inner Sydney
Eastern Area Tenants Service Inc (EATS)	Eastern Area Tenants Incorporated	\$313,375.17	Eastern Sydney
Inner West Tenants Advice and	Marrickville Legal Centre	\$313,375.17	Inner-Western

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
Advocacy Service (IWTAAS)Inner West Tenants Advice			Sydney
Northern Sydney Area Tenants Service (NSATS)	Marrickville Legal Centre	\$417,833.56	Northern Sydney
Southern Sydney Tenants Advice and Advocacy Service (SSTAAS)	Metro Assist	\$470,062.76	Southern Sydney
South West Sydney Tenants Advice and Advocacy Service (SWSTAAS)	Macarthur Legal Centre	\$417,833.56	South Western Sydney
Blue Mountains Tenants Advice and Advocacy Service	Elizabeth Evatt Community Legal Centre	\$104,458.39	Blue Mountains
Western and North Western Tenants Service	Macquarie Legal Centre	\$678,979.54	Western & North Sydney
Central Coast Tenants Advice and Advocacy Service (CCTAAS)	Central Coast Tenants Advocacy Service Inc	\$313,375.17	Central Coast
Hunter Tenants Advice and Advocacy Service (HTAAS)	Hunter Regional Forum Inc	\$478,677.88	Hunter Region
Illawarra Tenants Service	Illawarra Legal Centre	\$374,219.49	Illawarra/South Coast
Mid Coast Tenants Advice and Advocacy Service	Port Macquarie Inc	\$321,990.30	Mid North Coast
Northern Rivers Tenants Advice and Advocacy Service (NORTAAS)	Northern Rivers Community Centre Inc	\$321,990.30	Far North Coast
South Western NSW Tenants Service	VERTO Ltd	\$862,589.39	South Western NSW
New England and Western Tenants Advice and Advocacy Service (NEWTAAS)	New England and Western Advice and Advocacy Service Incorporated	\$496,985.02	North Western NSW
Greater Sydney Aboriginal Tenants Service (GSATS)	Dtarawarra Pty Ltd	\$460,909.19	Greater Sydney ATSI
Murra Mia Tenants Advice and Advocacy Service	Management and Advisory Aboriginal Corporation	\$648,826.60	South Eastern NSW ATSI
Northern NSW Aboriginal Tenants Advice and Advocacy Service (NATAAS)	Northern NSW Aboriginal Advice and Advocacy Service Inc	\$592,289.84	Northern NSW ATSI
Western Aboriginal Tenants Advice and Advocacy Service (WATAAS)	Dtarawarra Pty Ltd	\$592,289.84	Western NSW ATSI
Statewide Tenants Advice and Advocacy Program Resource Service	Tenants Union of NSW Co-operative Limited	\$1,216,735.64	Statewide TAAP Resource Service
ATSI Aboriginal Resource Unit (ARU)	Dtarawarra Pty Ltd	\$184,571.51	Statewide Service
TAAP Special Purpose Fund	Unforeseen expenditure which is directly linked to the provision of service to tenants	\$88,625.19	
Total		\$10,087,827.10	

Financial Counselling Services Program

The Financial Counselling Services Program provides free financial counselling by accredited counsellors.

Funding source: Rental Bond Board Interest (53%), Financial Counselling Trust Fund (24%) and Fair Trading (23%)

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
The Salvation Army (New South Wales) Property Trust	The Salvation Army Moneycare South Western Sydney Financial Counselling Service	\$584,684.17	South Western Sydney
The Salvation Army (New South Wales) Property Trust	The Salvation Army Moneycare Southern Sydney Financial Counselling Service	\$313,142.89	Southern Sydney
The Salvation Army (New South Wales) Property Trust	The Salvation Army Moneycare Western Sydney Financial Counselling Service	\$622,776.75	Western Sydney
Wesley Mission – Wesley Credit Line Financial Counselling	Wesley Mission Credit Line Financial Counselling Services North Western Sydney	\$372,722.29	North Western Sydney
Centacare Catholic Family Services, Diocese of Broken Bay	Centacare Broken Bay Northern Sydney Financial Counselling Service	\$266,747.42	Northern Sydney
Metro Assist	Inner Western Sydney Financial Counselling Service	\$300,441.31	Inner Western Sydney
Wesley Mission – Wesley Credit Line Financial Counselling	Wesley Mission Credit Line Financial Counselling Services Inner Sydney	\$285,305.83	Inner Sydney
Lismore & District Financial Counselling Services Inc	Far North Coast Region Financial Counselling Network	\$260,971.17	Far North Coast
Kempsey Neighbourhood Centre	Mid North Coast Region Financial Counselling Service	\$380,418.07	Mid North Coast
Financial Counselling Hunter Valley Project Inc	Lower Hunter Region Financial Counselling Service	\$463,653.29	Newcastle/Lower Hunter
Financial Counselling Hunter Valley Project Inc	Upper Hunter Region Financial Counselling Service	\$96,875.03	Upper Hunter
Gosford City & Community Information Service Ltd	Central Coast Region Financial Counselling Service	\$229,630.61	Central Coast
Illawarra Legal Centre Inc	Illawarra Region Financial Counselling Service	\$273,580.02	Illawarra
Eurobodalla Family Support Service Inc	Far South Coast Region Financial Counselling Service	\$62,607.16	Far South Coast
Anglicare Regional Alliance	Anglicare Riverina Lower South Western Regional Financial Counselling Service	\$141,226.24	Lower South Western
The Salvation Army (New South Wales) Property Trust	The Salvation Army Moneycare Goulburn Region Financial Counselling Service	\$102,157.88	Goulburn
The Salvation Army (New South Wales) Property Trust	The Salvation Army Moneycare Murray Region Financial Counselling Service	\$63,582.93	Murray

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
Lifeline Central West Inc	Lifeline Dubbo/Mid West Region Financial Counselling Service	\$76,766.88	Dubbo/Mid West
Lifeline Central West Inc	Lifeline Central West Region Financial Counselling Service	\$102,651.29	Central West
Centacare Wilcannia-Forbes	Centacare Forbes and Parkes Region Financial Counselling Service	\$48,894.50	Parkes/Forbes
Lifeline Broken Hill Inc	Lifeline Broken Hill Region Financial Counselling Services	\$72,626.47	Broken Hill
Centacare Wilcannia-Forbes	Centacare Far West Region Financial Counselling Service	\$72,626.47	Far West
The Salvation Army (New South Wales) Property Trust	The Salvation Army Moneycare Tamworth/Northern Plains Region Financial Counselling Service	\$96,301.05	Tamworth/Northern Plains
The Salvation Army (New South Wales) Property Trust	The Salvation Army Moneycare Armidale Region Financial Counselling Service	\$48,894.50	Armidale
Muru Mittigar Ltd	Muru Mittigar Community Finance Hub Campbelltown Aboriginal and Torres Strait Islander Financial Counselling Service	\$20,266.00	Campbelltown
Muru Mittigar Ltd	Muru Mittigar Community Finance Hub Penrith Aboriginal and Torres Strait Islander Financial Counselling Service	\$40,532.01	Penrith
Muru Mittigar Ltd	Muru Mittigar Community Finance Hub Blacktown Aboriginal and Torres Strait Islander Financial Counselling Service	\$60,798.01	Blacktown
Financial Counselling Hunter Valley Project Inc	Newcastle Aboriginal and Torres Strait Islander Financial Counselling Service	\$40,532.01	Newcastle
Illawarra Legal Centre Inc	Illawarra Aboriginal and Torres Strait Islander Financial Counselling Service	\$20,266.00	Illawarra
Lifeline Central West Inc	Lifeline Dubbo Aboriginal and Torres Strait Islander Financial Counselling Service	\$60,798.01	Dubbo
Lifeline Broken Hill Inc	Lifeline Broken Hill Aboriginal and Torres Strait Islander Financial Counselling Service	\$20,266.00	Broken Hill
The Salvation Army (New South Wales) Property Trust	The Salvation Army Moneycare Moree Aboriginal and Torres Strait Islander Financial Counselling Service	\$20,266.00	Moree
The Salvation Army (New South Wales) Property Trust	The Salvation Army Moneycare Tamworth Aboriginal and Torres Strait Islander Financial Counselling Service	\$20,266.00	Tamworth
Consumer Credit Legal Centre (NSW) Inc	Consumer Credit Legal Centre - Hotline	\$394,787.51	All NSW

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
Consumer Credit Legal Centre (NSW) Inc	Consumer Credit Legal Centre – Legal Service	\$321,242.67	All NSW
Financial Counsellors Association of NSW (FCAN)	Financial Counsellors' Association of NSW - Indigenous Training Course	\$47,084.24	All NSW
Financial Counsellors Association of NSW (FCAN)	State-Wide Financial Counsellor Training Program	\$117,711.71	All NSW
Financial Counsellors Association of NSW (FCAN)	Executive Officer Position: Manager - Administration	\$158,910.42	All NSW
Total		\$6,683,011	

No Interest Loan Scheme (NILS)

The No Interest Loan Scheme (NILS) is a national community-managed microcredit program developed to help low-income earners buy essential household or medical goods and services, such as washing machines, refrigerators or dental services, through interest free loans.

Good Shepherd Microfinance Victoria operates the scheme, with capital provided by the National Australia Bank.

Fair Trading provides funding for the salaries and administrative costs of operating NILS in NSW, as well as the cost of operating a 1-800 phone number.

Funding source: Rental Bond Board Interest (90%) and Fair Trading (10%)

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
Anglicare Western Sydney NILS	Sydney Anglican Home Mission Society Council (t/as Anglicare Diocese of Sydney)	\$55,748.57	Blacktown, Penrith & Hawkesbury
Muru Mittigar NILS Loans Scheme	Muru Mittigar Ltd	\$48,780.00	Penrith
Bridging the Gap Sydney West Inc NILS Loans Scheme	Bridging the Gap Sydney West Inc	\$13,937.14	St Marys
Macarthur NILS	Presentation Sisters Wagga	\$97,559.99	Campbelltown, Camden & Wollondilly
St Vincent de Paul Northern Beaches NILS	St Vincent de Paul Society NSW	\$27,874.28	Manly, Warringah & Pittwater
NILS® Northern Sydney (St Ives)	St Vincent de Paul Society NSW	\$20,905.71	Willoughby, Ku-ring-Gai, Lane Cove, Hornsby, Ryde
Newcastle NILS	St Vincent de Paul Society NSW	\$13,937.14	Newcastle, Shortland, Callaghan, Taro

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
St Vincent de Paul Society NILS - Wagga Wagga	St Vincent de Paul Society NSW	\$41,811.43	Wagga Wagga
North West NILS	The Hills Community Aid and Information Service Inc	\$34,842.85	Hornsby, Parramatta Blacktown, Baulkham Hills, Hawkesbury
North West NILS - Riverstone Outreach	The Hills Community Aid and Information Service Inc	\$6,968.56	Blacktown, Baulkham Hills, Hawkesbury
North West NILS - Toongabbie Outreach	The Hills Community Aid and Information Service Inc	\$6,968.56	Parramatta & Blacktown
Fairfield NILS	The Parks Community Network Inc.	\$48,780.00	Fairfield, Holroyd, Bankstown
Hope Connect NILS	Hope Connect Incorporated	\$48,780.00	Parramatta LGA & part Holroyd (East Merrylands & East Guildford)
Break The Cycle NILS	Break the Cycle No Interest Loans Scheme Inc.	\$27,874.28	Glenfield, Macquarie Fields
C3CS Ltd	C 3 Community Services Ltd - C3CS NILS	\$41,811.43	Campbelltown, Camden & Wollondilly
Macarthur Diversity Services NILS	Macarthur Diversity Services Initiative Ltd	\$41,811.43	Campbelltown, Camden & Wollondilly
Inspire NILS	Inspire Community Services Incorporated	\$34,842.85	Liverpool
Jubilee Resources NILS	Uniting Church in Australia	\$41,811.43	Botany, Randwick, Waverley, Woollahra, City of Sydney
Metro Assist NILS	Metro Assist	\$20,905.71	Canterbury, Strathfield, Burwood

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
Marrickville NILS	Marrickville Community Training Centre Inc	\$27,874.28	Marrickville (South & North), Dulwich Hill, Lewisham, Petersham, St Peters, Stanmore, Sydenham, Tempe, Enmore, Rockdale, parts of Newtown and Camperdown (Also 2008, 2016-2017, 2038, 2040, 2042-2044, 2048-2050, 2130, 2131, 2203, 2204)
Hunter Region No Interest Loans Scheme	Hunter Region No Interest Loans Scheme Inc.	\$104,528.56	Newcastle, Lake Macquarie, Maitland, Cessnock, Singleton, Muswellbrook, Gloucester, Upper Hunter, Port Stephens, Greater Taree, Great Lakes, Dungog
Manning NILS (Taree and Gloucester)	Manning Support Services Inc.	\$55,748.57	Greater Taree, Great Lakes, Gloucester
Great Lakes NILS	Forster Neighbourhood Centre Inc.	\$41,811.43	Great Lakes
The Bellingen Neighbourhood Centre NILS	Bellingen Neighbourhood Centre Inc.	\$27,874.28	Bellingen
Macleay Valley NILS	Kempsey Neighbourhood Centre Inc.	\$41,811.43	Kempsey
Hastings NILS	Manning Support Services Inc.	\$41,811.43	Hastings
Nambucca Valley NILS	Lifetime Connect Inc.	\$13,937.14	Nambucca Shire
Nambucca Valley Inc NILS - Coffs Harbour Outreach	Lifetime Connect Inc.	\$41,811.43	Coffs Harbour
Anglicare Shoalhaven NILS	Sydney Anglican Home Mission Society Council	\$27,874.28	Shoalhaven
BaptistCare NILS - Newcastle	BaptistCare NSW & ACT	\$41,811.43	Newcastle, Lake Macquarie, Port Stephens and Maitland

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
BaptistCare NILS - Warilla	BaptistCare NSW & ACT	\$41,811.43	Shellharbour, Albion Park, Barrack Heights, Lake Illawarra, Warilla, Mt Warrigal, Windang, Oak Flats, Flinders, Blackbutt, Shellharbour
BaptistCare NILS - Broken Hill & Wilcannia	BaptistCare NSW & ACT	\$41,811.43	Broken Hill, Wilcannia, Central Darling
BaptistCare NILS - Sutherland	BaptistCare NSW & ACT	\$27,874.28	Sutherland
Community Loan Scheme - Southern NILS Program	Our Community Project Inc. (Previously Port Kembla Community Project Inc.)	\$69,685.71	Wollongong
NICCI NILS	Northern Illawarra Community Connection Inc	\$55,748.57	Wollongong and Sutherland
Highlands Community Centre NILS	Highlands Community Centres Inc.	\$34,842.85	Wingecarribee, Mulwaree
Northern Rivers NILS	Lismore Neighbourhood Centre Inc	\$69,685.71	Richmond Valley, Lismore, Kyogle, Tweed, Ballina
Wyong Shire NILS	Toukley Neighbourhood Centre Inc.	\$48,780.00	Wyong
Winmalee Neighbourhood Centre NILS	Winmalee Neighbourhood Centre Inc	\$20,905.71	Blue Mountains City (2776 & 2777)
Mid Mountains NILS	Mid Mountains Neighbourhood Centre Inc.	\$20,905.71	Blue Mountains
Blackheath Area Neighbourhood Centre NILS	Blackheath Area Neighbourhood Centre Inc.	\$41,811.43	Blue Mountains & Greater Lithgow
Gosford City NILS	Gosford City Community Information Service Ltd	\$41,811.43	Outer Gosford & Surrounds
Coast Shelter NILS	Central Coast Emergency Accommodation Services Ltd (Coast Shelter)	\$34,842.85	Gosford City
Armidale Neighbourhood Centre NILS	Armidale Neighbourhood Centre Inc	\$27,874.28	Armidale, Dumaresq, Uralla, Guyra, Walcha
Anglicare Goulburn NILS	Anglicare NSW South, NSW West & ACT	\$13,937.14	Goulburn
Anglicare Eurobodalla NILS	Anglicare NSW South, NSW West & ACT	\$13,937.14	Eurobodalla
Anglicare Bega Valley NILS	Anglicare NSW South, NSW West & ACT	\$20,905.71	Bega Valley Shire

Auspice/Funded organisation	Purpose/Service	Annual funding	LGA
Anglicare Western NSW Orange NILS	Anglicare NSW South, NSW West & ACT	\$41,811.43	Orange, Miltthorpe
Anglicare Western NSW Gilgandra NILS	Anglicare NSW South, NSW West & ACT	\$27,874.28	Gilgandra, Coonamble
Western NSW Forbes NILS	Anglicare NSW South, NSW West & ACT	\$27,874.28	Forbes
Western NSW Mudgee NILS	Anglicare NSW South, NSW West & ACT	\$27,874.28	Mudgee, Kandos, Rylstone
Lithgow NILS	The Josephite Foundation	\$27,874.28	Lithgow
Bathurst NILS	The Josephite Foundation	\$34,842.85	Bathurst, Blayney, Oberon
Cowra NILS	The Josephite Foundation	\$27,874.28	Cowra, Cabonne
Young NILS	The Josephite Foundation	\$27,874.28	Young, Boorowa, Cootamundra, Harden, Temora and Weddin
Global Care NILS - Dubbo	Local Global Care - Dubbo	\$69,685.71	Dubbo, Walgett, Lightning Ridge, Bourke, Brewarrina, Collarenebri
Wiradjuri NILS	Wiradjuri Aboriginal Corporation	\$20,905.71	Wagga Wagga
St Lukes Albury NILS	Anglicare Victoria	\$27,874.28	
Salvos NILS - Inverell	The Salvation Army (NSW) Property Trust	\$27,874.28	Inverell
Salvos NILS - Gunnedah & Tamworth	The Salvation Army (NSW) Property Trust	\$34,842.85	Tamworth, Gunnedah
Salvos NILS - Moree	The Salvation Army (NSW) Property Trust	\$20,905.71	Moree
NSW NILS State Coordinator	Northern Rivers Community Gateway	\$111,158.00	All NSW
NSW NILS 1800 Freecall Service - 1800 50 9994	Winmalee Neighbourhood Centre Inc. (1800 Freecall Service)	\$88,933.99	All NSW
Total		\$2,416,097.53	

6.11 Government Information (Public Access) statistics

During the year, 948 access applications were received, including withdrawn applications but not including invalid applications.

There were 39 access applications refused, either wholly or in part, because the application was for disclosure of information for which there is conclusive presumption of overriding public interest against disclosure.

These figures are from the following DFSI divisions:

- Office of the Secretary
- Government and Corporate Services (except the State Records Authority of New South Wales which produces its own annual report and reports separately)
- ICT and Digital Government (formerly Service Innovation and Strategy)
- Office of State Revenue
- Land and Property Information
- NSW Public Works
- NSW Fair Trading
- Property and Housing Group
- Better Regulation Division (except the State Insurance Regulatory Authority (SIRA) which produces its own annual report and reports separately).

Please note: These figures include over 700 applications regarding information held by SafeWork that are processed by a dedicated Right to Information unit in Better Regulation Division.

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

	Access granted in full	Access granted in part	Access refused in full	Info not held	Info already available	Refuse to deal with app	Refuse to confirm/ deny info held	App with- drawn
Media	17	5	0	5	0	0	0	3
Members of Parliament	15	8	1	7	1	0	0	1
Private sector business	15	51	2	16	1	1	0	11
Not for profit organisations or community groups	0	2	1	0	0	0	0	0
Members of the public (application by legal representative)	52	361	8	113	1	4	0	20
Members of the public (other)	65	96	16	24	5	6	0	58

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

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

	Access granted in full	Access granted in part	Access refused in full	Info not held	Info already available	Refuse to deal with app	Refuse to confirm/deny info held	App withdrawn
Personal information applications*	23	8	2	6	3	1	0	4
Access applications (other than personal information applications)	58	31	8	22	6	6	0	11
Access applications that are partly personal information applications and partly other	70	484	16	133	0	4	0	56

*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)	45
Application is for excluded information of the agency (section 43 of the Act)	3
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	51
Invalid applications that subsequently became valid applications	28

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

	Number of times consideration used
Overriding secrecy laws	3
Cabinet information	3
Executive Council information	-
Contempt	-
Legal professional privilege	32
Excluded information	1
Documents affecting law enforcement and public safety	-

	Number of times consideration used
Transport safety	-
Adoption	-
Care and protection of children	-
Ministerial code of conduct	-
Aboriginal and environmental heritage	-

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

	Number of times application not successful
Responsible and effective government	96
Law enforcement and security	54
Individual rights, judicial processes and natural justice	427
Business interests of agencies and other persons	184
Environment, culture, economy and general matters	1
Secrecy provisions	1
Exempt documents under interstate Freedom of Information legislation	0

Table F: Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	874
Decided after 35 days (by agreement with applicant)	66
Not decided within time (deemed refusal)	8
Total	948

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

	Decision varied	Decision upheld	Total
Internal review	2	5	11
Review by Information Commissioner*	3	1	5
Internal review following recommendation under section 93 of Act	1		2
Review by Administrative Decisions Tribunal	0	1	1
Total	6	7	19

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

	Number of applications for review
Applications by access applicants	12
Applications by persons to whom information the subject of access applications relates (see s54 of the Act)	1

6.12 Land disposal

No properties with a value greater than \$5 million were disposed of during 2015-16.

No properties were disposed of where there was a business or family connection between the purchaser and the approving person.

An application for access to documents concerning details of properties disposed of during the reporting year may be made in accordance with the *Government Information (Public Access) Act 2009*.

6.13 Legislation administered

The Department of Finance, Services and Innovation administered the following Acts on behalf of the Minister for Finance, Services and Property:

Access to Neighbouring Land Act 2000

Associated General Contractors Insurance Company Limited Act 1980

Betting Tax Act 2001 (jointly with the Treasurer)

Border Railways Act 1922

Commonwealth Places (Mirror Taxes Administration) Act 1998

Community Land Development Act 1989

Contractors Debts Act 1997

Conveyancing Act 1919

Conveyancing and Law of Property Act 1898

Crown Lands Act 1989 so far as it relates to the Luna Park Reserve (within the meaning of the *Luna Park Site Act 1990*) (remainder, parts, the Premier, parts, the Minister for Sport, and parts, the Minister for Lands and Water)

Duties Act 1997 (jointly with the Treasurer)

Electronic Conveyancing (Adoption of National Law) Act 2012

Encroachment of Buildings Act 1922

Fines Act 1996 (except parts, the Attorney General)

First Home Owner Grant (New Homes) Act 2000

Gaming Machine Tax Act 2001, Part 3, jointly with the Treasurer (remainder, jointly with the Treasurer and the Minister for Racing, except Part 4 and Schedule 1, the Minister for Racing)

Geographical Names Act 1966

Government Insurance Office (Privatisation) Act 1991, sections 26 and 27, jointly with the Treasurer (remainder, the Treasurer)

Government Property NSW Act 2006

Government Telecommunications Act 1991

Health Insurance Levies Act 1982 (jointly with the Treasurer)

Home Building Act 1989 No 147, Part 6A (remainder, the Minister for Innovation and Better Regulation)

Insurance Protection Tax Act 2001 (jointly with the Treasurer)

Internal Audit Bureau Act 1992 (jointly with the Treasurer)

Land Acquisition (Just Terms Compensation) Act 1991

Land Sales Act 1964

Land Tax Act 1956 (jointly with the Treasurer)

Land Tax Management Act 1956 (jointly with the Treasurer)

Loan Fund Companies Act 1976

Luna Park Site Act 1990

Mine Subsidence Compensation Act 1961

Motor Accidents (Lifetime Care and Support) Act 2006

NSW Self Insurance Corporation Act 2004

Partnership Act 1892, in so far as it relates to the functions of the Registrar of the register of limited partnerships and incorporated limited partnerships and to the setting of fees to be charged for maintaining that register, jointly with the Attorney General and the Minister for Innovation and Better Regulation (remainder, the Attorney General)

Payroll Tax Act 2007 (jointly with the Treasurer)

Payroll Tax Deferral (BlueScope Steel) Act 2015 (jointly with the Treasurer)

Payroll Tax Rebate Scheme (Jobs Action Plan) Act 2011

Perpetuities Act 1984

Personal Property Securities (Commonwealth Powers) Act 2009, Division 2 of Part 2 of Schedule 1 and clause 24 of Schedule 1, jointly with the Attorney General and the Minister for Innovation and Better Regulation (remainder, the Attorney General)

Powers of Attorney Act 2003

Public Works and Procurement Act 1912 (except section 34 (3) and (4), the Minister for Lands and Water)

Real Property Act 1900

Regional Relocation Grants (Skills Incentive) Act 2011 (except section 26A, the Minister for Regional Development)

Service NSW (One-stop Access to Government Services) Act 2013

Small Business Grants (Employment Incentive) Act 2015

Sporting Injuries Insurance Act 1978

State Insurance and Care Governance Act 2015, 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 Innovation and Better Regulation)

State Records Act 1998

Strata Schemes Development Act 2015

Strata Schemes (Freehold Development) Act 1973

Strata Schemes (Leasehold Development) Act 1986

Surveying and Spatial Information Act 2002 (jointly with the Minister for Innovation and Better Regulation)

Sydney Harbour Foreshore Authority Act 1998

Taxation Administration Act 1996 (jointly with the Treasurer)

Teacher Housing Authority Act 1975

Trades Hall (Transfer of Land) Act 1970

Transfer of Records Act 1923

Unclaimed Money Act 1995

Valuation of Land Act 1916

Voluntary Workers (Soldiers' Holdings) Act 1917

Workers Compensation Act 1987, Part 4 and Division 1A of Part 7 (remainder, the Minister for Innovation and Better Regulation)

Workers Compensation (Bush Fire, Emergency and Rescue Services) Act 1987

Workers' Compensation (Dust Diseases) Act 1942

The Office of State Revenue also collects revenue under the *Parking Space Levy Act 2009* for Transport NSW, the Community Development Levy under the *Aboriginal Land Rights Act 1983*, and administers fines and collects revenue from Crown and commercial clients under various legislation including the *Road Transport Act 2013*

The Department of Finance, Services and Innovation administered the following Acts on behalf of the Minister for Innovation and Better Regulation:

Agricultural Tenancies Act 1990

Architects Act 2003

Associations Incorporation Act 2009

Biofuels Act 2007

Bishopsgate Insurance Australia Limited Act 1983

Boarding Houses Act 2012 (except parts, jointly with the Minister for Disability Services and parts, the Minister for Disability Services)

Building and Construction Industry Security of Payment Act 1999

Building Professionals Act 2005

Business Names (Commonwealth Powers) Act 2011

Charitable Fundraising Act 1991

Community Land Management Act 1989

Contracts Review Act 1980
Conveyancers Licensing Act 2003
Co-operative Housing and Starr-Bowkett Societies Act 1998
Co-operatives (Adoption of National Law) Act 2012
Credit (Commonwealth Powers) Act 2010
Dangerous Goods (Road and Rail Transport) Act 2008 (except parts, the Minister for the Environment)
Data Sharing (Government Sector) Act 2015
Electricity (Consumer Safety) Act 2004
Explosives Act 2003
Fair Trading Act 1987
Funeral Funds Act 1979
Gas Supply Act 1996, section 83A (remainder, the Minister for Industry, Resources and Energy)
Holiday Parks (Long-term Casual Occupation) Act 2002
Home Building Act 1989 (except part, the Minister for Finance, Services and Property)
Innkeepers Act 1968
Landlord and Tenant Act 1899
Landlord and Tenant (Amendment) Act 1948
Motor Accidents Act 1988
Motor Accidents Compensation Act 1999
Motor Dealers and Repairers Act 2013
Motor Vehicles (Third Party Insurance) Act 1942
Mutual Recognition (Automatic Licensed Occupations Recognition) Act 2014
Occupational Licensing (Adoption of National Law) Act 2010 and the Occupational Licensing National Law (NSW)
Partnership Act 1892 in so far as it relates to the functions of the Registrar of the register of limited partnerships and incorporated limited partnerships and to the setting of fees to be charged for maintaining that register, jointly with the Attorney General and the Minister for Finance, Services and Property (remainder, the Attorney General)
Pawnbrokers and Second-hand Dealers Act 1996
Personal Property Securities (Commonwealth Powers) Act 2009, Division 2 of Part 2 of Schedule 1 and clause 24 of Schedule 1, jointly with the Attorney General and the Minister for Finance, Services and Property (remainder, the Attorney General)
Plumbing and Drainage Act 2011
Prices Regulation Act 1948
Professional Standards Act 1994
Property, Stock and Business Agents Act 2002
Residential (Land Lease) Communities Act 2013

Residential Tenancies Act 2010 (except Part 7, jointly with the Minister for Social Housing)

Retirement Villages Act 1999

Rural Workers Accommodation Act 1969

State Insurance and Care Governance Act 2015, Part 3 and Schedule 3, and Parts 1 and 4 and Schedule 4 so far as they relate to the State Insurance Regulatory Authority (remainder, the Minister for Finance, Services and Property)

Storage Liens Act 1935

Strata Schemes Management Act 1996

Strata Schemes Management Act 2015

Surveying and Spatial Information Act 2002 (jointly with the Minister for Finance, Services and Property)

Tattoo Parlours Act 2012 (jointly with the Minister for Justice and Police)

Uncollected Goods Act 1995

Valuers Act 2003

Work Health and Safety Act 2011

Workers Compensation Act 1987 (except parts, the Minister for Finance, Services and Property)

Workplace Injury Management and Workers Compensation Act 1998 (except parts, the Attorney General)

6.14 Legislative changes

Better Regulation/SafeWork NSW

Work Health and Safety Act 2011

Amendments were made to the *Work Health and Safety Act 2011* by the *State Insurance and Care Governance Act 2015* to provide for the Secretary of the Department of Finance, Services and Innovation, referred to as SafeWork NSW, to exercise the functions formerly exercised by the WorkCover Authority as the regulator under the *Work Health and Safety Act 2011*, and other consequential amendments. These amendments commenced on 28 August 2015.

Work Health and Safety Act 2011

Amendments were made to the *Work Health and Safety Act 2011* by the *Work Health and Safety (Mines and Petroleum) Legislation Amendment (Harmonisation) Act 2015* dealing with inspector functions and other matters, consequent on amendments to the *Work Health and Safety (Mines and Petroleum Sites) Act 2013*. These amendments commenced on 1 February 2016.

Explosives Act 2003

Amendments were made to the *Explosives Act 2003* by the *State Insurance and Care Governance Act 2015* to provide for SafeWork NSW to exercise the functions formerly exercised by the WorkCover Authority as the regulatory authority under the *Explosives Act 2003*, and other consequential amendments. These amendments commenced on 28 August 2015.

Rural Workers Accommodation Act 1969

Amendments were made to the *Rural Workers Accommodation Act 1969* by the *State Insurance and Care Governance Act 2015* to provide or SafeWork NSW to replace references to the WorkCover

Authority, and other consequential amendments. These amendments commenced on 28 August 2015.

Dangerous Goods (Road and Rail Transport) Act 2008

Amendments were made to the *Dangerous Goods (Road and Rail Transport) Act 2008* by the *State Insurance and Care Governance Act 2015* to provide for SafeWork NSW to replace references to the WorkCover Authority, and other consequential amendments. These amendments commenced on 28 August 2015.

Work Health and Safety Regulation 2011

Amendments were made to the Work Health and Safety Regulation 2011 by the Work Health and Safety Amendment (Transitional Provisions) Regulation 2015 to extend a transitional arrangement for the registration of items of plant. This amending regulation commenced on 1 July 2015.

Work Health and Safety Regulation 2011

Consequential amendments were made to the Work Health and Safety Regulation 2011 by the *State Insurance and Care Governance Act 2015* on the establishment of SafeWork NSW as a regulator under the *Work Health and Safety Act 2011*. These amendments commenced on 28 August 2015.

Work Health and Safety Amendment (Disclosure of Information) Regulation 2015

This regulation prescribed certain workers compensation Acts for purpose of disclosure of information under section 271(3) of the *Work Health and Safety Act 2011*. This amending regulation commenced on 23 October 2015.

Work Health and Safety (Mines and Petroleum) Amendment (Harmonisation) Regulation 2016

This regulation amended the Work Health and Safety Regulation 2011 consequent on amendments to the *Work Health and Safety (Mines and Petroleum Sites) Act 2013*. This amending regulation commenced on 1 February 2016.

Explosives Regulation 2013

Consequential amendments were made to the Explosives Regulation 2013 by the *Work Health and Safety (Mines and Petroleum) Legislation Amendment (Harmonisation) Act 2015*. These amendments commenced on 1 February 2016.

Dangerous Goods (Road and Rail Transport) Regulation 2014

Amendments were made to the Dangerous Goods (Road and Rail Transport) Regulation 2014 by the Dangerous Goods (Road and Rail Transport) Amendment (Model Law) Regulation 2015. The amendments reflect changes to the Model Subordinate Law on the Transport of Dangerous Goods by Road or Rail 2007. The amendments commenced on 1 January 2016.

NSW Fair Trading

Regulatory Reform and Other Legislative Repeals Act 2015

This Act repeals certain Acts for the purposes of regulatory reform, statute law revision and to make certain savings. Among other regulatory reforms, this Act repealed the *Valuers Act 2003* on 1 March 2016 with the result that the requirement for property valuers in NSW to be registered was abolished. This Act also made ancillary amendments on 1 March 2016 to the *Duties Act 1997*, the *Fines Act 1996*, the *First Home Owner Grant (New Homes) Act 2000*, and the *Regional Relocation Grants (Skills Incentive) Act 2011* to change references to registered valuers to “qualified valuers” i.e. valuers who are members of certain categories of membership with specified professional associations.

Property, Stock and Business Agents Amendment (Underquoting Prohibition) Act 2015

This Act amended the *Property, Stock and Business Agents Act 2002* on 1 January 2016 to make further provision with respect to underquoting by real estate agents and for other purposes.

Fair Trading Amendment (Information About Complaints) Act 2015

This Act amended the *Fair Trading Act 1987* on 1 January 2016 to provide for the publication of information about complaints.

Strata Schemes Management Act 2015

This Act provides for the management of strata schemes and disputes related to strata schemes and other matters; and repeals the *Strata Schemes Management Act 1996*. Most of this Act will commence on 30 November 2016 and the remainder will commence on 1 July 2017.

Associations Incorporation Amendment (Review) Act 2016

This Act amended the *Associations Incorporation Act 2009* to give effect to the recommendations for amendment made in a statutory review of that Act. Most of this Act commenced on 15 April 2016 and the remainder commenced on 1 September 2016.

Fair Trading Amendment (Fuel Price Transparency) Act 2016

This Act amended the *Fair Trading Act 1987* on 6 April 2016 to enable the establishment of a scheme publishing service station fuel prices, and to make a consequential amendment to the Fair Trading Regulation 2012.

Biofuels Amendment Act 2016

This Act amended the *Biofuels Act 2007* on 6 April 2016 to modify minimum biofuel requirements and their application, and to extend requirements for the provision of information.

Residential (Land Lease) Communities Act 2013

This Act commenced on 1 November 2015 to provide for the governance and regulation of residential communities; to repeal the *Residential Parks Act 1998*; and for other purposes. The Residential (Land Lease) Communities Regulation 2015 also commenced on 1 November 2015.

Staged repeal regulations

The following regulations were remade on 1 September 2015 as part of the staged repeal program under the *Subordinate Legislation Act 1989*:

- Charitable Fundraising Regulation 2015
- Conveyancers Licensing Regulation 2015
- Co-operative Housing and Starr-Bowkett Societies Regulation 2015
- Electricity (Consumer Safety) Regulation 2015
- Pawnbrokers and Second-hand Dealers Regulation 2015
- Landlord and Tenant Regulation 2015

Land and Property Information

Strata Schemes Development Act 2015

The *Strata Schemes Development Act 2015* (Development Act) and the *Strata Schemes Management Act 2015* were passed by the NSW Parliament in October 2015, following an extensive review undertaken jointly by Land and Property Information (LPI) and Fair Trading.

The Acts deliver major reform of strata laws, providing a modern and more flexible framework, and introduce a number of wide-ranging and significant changes. Regulations to the Development Act are being finalised, and it is expected that the new Development Act and its regulations will commence by the end of 2016.

Key provisions of the new Development Act include:

- greater flexibility for an owners' corporation to lease additional common property
- a fair base for assessing levies
- a more refined framework for part strata schemes
- an alternative mechanism for owners to facilitate the collective sale or redevelopment of a strata scheme where not all owners agree.

A fair base for assessing levies will be provided through a new requirement for a qualified valuer to determine the unit entitlement when the strata scheme is established, and to certify that the unit entitlement was apportioned according to the requirements of the new Development Act.

Part strata schemes will be supported by new provisions enabling a building management statement which is registered before a strata scheme is established in the building to become a strata management statement upon registration of the first strata plan. All strata management statements must include details of the method used to apportion costs and shared expenses; and a review process must be implemented to make sure the allocation of costs and expenses remains fair.

Part 10 of the new Development Act introduces a significant reform, providing owners with an alternative mechanism to facilitate the collective sale or redevelopment of the strata scheme where at least 75 per cent of owners agree. Important protections and safeguards are set out fully in the legislation and must be followed before a strata renewal plan can be put into effect.

Conveyancing (Sale of Land) Regulation 2010

The Conveyancing Sale of Land Regulation 2010 was amended by the Conveyancing (Sale of Land) Amendment (Swimming Pools) Regulation 2016 and *Taxation Administration Amendment (Collection and Disclosure of Information to Commonwealth) Act 2016* during the year to introduce provisions to respectively:

- improve the safety of children and other persons in pool areas
- impose a statutory time period for the service of a current land tax certificate on a buyer in the sale of land.

Commencing 29 April 2016, new provisions affected the sale and lease of properties with swimming pools. The new regulations aim to improve the safety of children around pool areas. Subject to exceptions, amendments imposed new vendor disclosure requirements. Vendors of properties with applicable swimming pools must now include a relevant certificate advising of the compliance status of the pool as a prescribed document to a contract for sale. Additionally, purchasers of non-compliant pools are required to rectify the non-compliance within 90 days of purchase.

Commencing 1 July 2016, new provisions impose obligations on vendors in the sale of land. Within a specified time period (determined by the length of the completion date of the contract) vendors must now obtain a current land tax certificate and serve this on a purchaser.

Conveyancing (General) Regulation 2013

The Conveyancing (General) Regulation 2013 was amended by the Conveyancing (General) Amendment (Sunset Power International Pty Ltd) Regulation 2015 on 17 December 2015 and the Conveyancing (General) Amendment (Miscellaneous) Regulation 2016 on 24 June 2016 to prescribe additional service providers.

Two additional service providers are now able to take the benefit of easements in gross:

- Sunset Power International Pty Ltd (ACN 162 696 335)
- Kooragang Water Pty Ltd (ACN 609 789 808)

Real Property Act 1900

Amendments were made by the *Real Property Amendment (Electronic Conveyancing) Act 2015* to the *Real Property Act 1900* to allow the Registrar General to make Conveyancing Rules for, or with respect to, the preparation and lodgment of paper documents to give effect to conveyancing transactions. The reforms commenced in March 2016.

The Conveyancing Rules will be implemented in stages, and will align paper conveyancing practices and workflows with those developed for electronic conveyancing. Version 1 of the Conveyancing Rules was published and took effect in May 2016. These amendments will facilitate the development of a single, efficient conveyancing process. The legislation also allows the Registrar General to require electronic lodgment of specified dealings.

Conveyancing Act 1919

Amendments (which commenced in November 2015) were made by the *Conveyancing Amendment (Sunset Clauses) Act 2015* to the *Conveyancing Act 1919*. The reforms provided protection for purchasers who have entered into 'off the plan' property contracts. The new provisions address the concerns that some developers were using 'sunset clauses' in contracts to rescind contracts for financial gain. The provisions aim to prevent developers from unreasonably rescinding off the plan contracts for residential property under a sunset clause.

Office of State Revenue

Health Insurance Levies Act 1982

The *State Revenue and Other Legislation Amendment (Budget Measures) Act 2013* has been repealed, as it contained un-commenced amendments to the *Health Insurance Levies Act 1982* intended to offset increased costs to the State caused by private health insurers reducing their rates for the treatment of privately insured patients in public hospitals. This Act was repealed, as the amendments became superfluous when the insurers reversed their rate cuts.

Insurance Protection Act 2001

Various provisions of the *Insurance Protection Tax Act 2001* have been repealed, as they related to a tax that was abolished on 1 July 2011. Part 4 provided for the registration of certain insurers liable to pay the tax and had ongoing effect but, as a result of the abolition of the tax, is no longer required.

Home Building and Duties Amendment (Loose-fill Asbestos Insulation Affected Premises) Act 2015

This Act commenced on 5 November 2015 and inserted section 408E in the *Duties Act 1997* to provide a duty concession on a purchase of replacement residential property by owners of residential premises acquired by an authority of the State because they contain loose-fill asbestos insulation.

State Revenue Legislation Amendment Act 2015

This Act, which commenced on 24 November 2015, made amendments to the *Duties Act 1997*, the *Fines Act 1996*, the *Road Transport Act 2013* and the *Taxation Administration Act 1996*. The Duties Act 1997 was amended to extend existing exemptions from duty for transactions relating to amalgamations of registered clubs to de-amalgamations of such clubs and to update references to stock exchanges so that concessions applicable to certain other specified stock exchanges would apply. The *Fines Act 1996* and the *Road Transport Act 2013* were amended to modernise procedures for nomination of persons in charge of vehicles or vessels who have committed offences. Amendments to the *Fines Act 1996* enabled refunds, in cases of hardship, of payments under garnishee orders issued against fine defaulters. The *Taxation Administration Act 1996* was amended to clarify the status of calculations of self-assessed tax liability by the Chief Commissioner of State Revenue.

Payroll Tax Deferral (Bluescope Steel) Act 2015

This Act commenced on 24 November 2015 and amended the *Taxation Administration Act 1996* to enable the Treasurer to enter into and give effect to a deed with BlueScope Steel Limited (ABN 16 000 011 058) providing for the deferral of payroll tax payments by BlueScope and certain BlueScope Taxpayer Entities for the period 1 January 2016 to 31 December 2018, and to enable administration and enforcement action relating to that arrangement.

Betting Tax Legislation Amendment Act 2015

This Act commenced on 1 July 2015 and amended the *Betting Tax Act 2001*, the *Totalizator Act 1997* and the Totalizator Regulation 2012.

The amendments provide, among other things, for the staged reduction of rates of tax payable by a totalisator licensee on commission and roundings and net earnings; quarterly payment of a tax reduction; consequential amendments; and also prescribe the rates at which the tax reduction amount is to be apportioned to racing controlling bodies.

State Revenue Legislation Amendment Act 2016

This Act amended the *Duties Act 1997*, the *First Home Owner Grant (New Homes) Act 2000*, the *Land Tax Management Act 1956*, the *Payroll Tax Act 2007*, the *Taxation Administration Act 1996* and the *Unclaimed Money Act 1995*. Most of the amendments commenced on 11 May 2016 and:

1. made further provision relating to exemptions from duty for corporate reconstruction transactions
2. provided for a reduction in duty on agreements for the sale or transfer of securities where a transfer to which the agreement applies is a corporate consolidation transaction
3. extended the availability of the first home owner grant in cases where the new home being purchased or built is a substantially renovated home or a home built to replace demolished premises
4. made further provision relating to the application of the land tax principal place of residence exemption to unoccupied land intended to be the owner's principal place of residence
5. extended an exemption from payroll tax applying to wages paid by a wholly-owned subsidiary of a local council to wages paid by a body corporate wholly owned by 2 or more local councils
6. extended a requirement for the Chief Commissioner of State Revenue (the Chief Commissioner) to pay interest on a refund made to a taxpayer (following a successful objection or review) to members of a group to which the taxpayer belongs under the Land Tax Management Act 1956 or the Payroll Tax Act 2007
7. enabled the Chief Commissioner to accept payment of amounts that are not unclaimed money (because they are \$100 or less) and to enable owners to recover those amounts
8. enabled the owner of unclaimed money paid to the Chief Commissioner to apply for it to be repaid even though the right to the money has been extinguished.

State Revenue Legislation Amendment (Budget Measures) Act 2016

This Act amended the *Duties Act 1997*, the *Land Tax Act 1956* and the *Payroll Tax Rebate (Jobs Action Plan) Act 2011* to introduce a 4 per cent surcharge purchaser duty on the purchase of residential real estate by foreign persons (to commence on 21 June 2016); introduce a 0.75% surcharge land tax of the taxable value of residential land owned by a foreign person at midnight on 31 December in any year commencing with 2016; increase the payroll tax rebate for the second year of employment from \$3,000 to \$4,000 for eligible employment commencing on or after 31 July 2016; and confirm the abolition of several duties from 1 July 2016.

Taxation Administration Amendment (Collection and Disclosure of Information to Commonwealth) Act 2016

This Act commenced on 1 July 2016 and amended the *Taxation Administration Act 1996* and the Conveyancing (Sale of Land) Regulation 2010. The amendments enable the Chief Commissioner of State Revenue (the Chief Commissioner) to collect, and disclose to the Commissioner of Taxation of the Commonwealth (the Taxation Commissioner), information about the transfer of real property in New South Wales to assist the Australian Taxation Office in data-matching and ensuring compliance with Commonwealth taxation laws. The information will also be used for the purposes of a National Register of Foreign Ownership of Land Titles to be administered by the Australian Taxation Office.

The Act also made related amendments to the Conveyancing (Sale of Land) Regulation 2010 to prescribe an implied term of a contract for the sale of land requiring a vendor to serve on the purchaser, before completion, a certificate issued under the *Land Tax Management Act 1956* (a current land tax certificate) showing whether there is any land tax charged on the land.

It is intended that the application by the vendor for a current land tax certificate will enable the Chief Commissioner to collect information about the vendor for disclosure to the Taxation Commissioner.

Point to Point Transport (Taxis and Hire Vehicles) Act 2016

This Act received assent on 28 June 2016 and will commence on a date to be proclaimed. Among other things, it amends the *Taxation Administration Act 1996* so that the *Taxation Administration Act 1996* imposes a passenger service levy on particular transactions that is to be paid by providers of booking servicers and taxi services.

The Act also amends the *Taxation Administration Act 1996* to apply that Act to the levy as if it were a taxation law and by doing so applies provisions relating to collection and payment of tax, as well as other machinery and offence provisions applying to State taxation law.

ICT and Digital Government

Data Sharing (Government Sector) Act 2015

This Act commenced on 24 November 2015. Its purpose is to enable government sector agencies to share government sector data with the Data Analytics Centre (DAC), a business unit of the Department of Finance, Services and Innovation, or other government sector agencies for certain purposes. This Act also enables the Minister to give directions in certain circumstances to require government sector agencies to share government sector data with the DAC. Safeguards (including in relation to the collection, use, disclosure, protection, keeping, retention or disposal of health information or personal information of individuals) to be complied with by the DAC and other government sector agencies in connection with data sharing, are also included in the Act.

6.15 Overseas travel

Name and Division	Travel dates	Destination, purpose and benefits	Total cost	Net cost to DFSI	Note
J Hubby Government and Corporate Services	9 Aug 2015 to 14 Aug 2015	Bangalore and Jaipur, India To complete due diligence of outsourced operations with Infosys and Unisys	\$7,619	\$7,619	
R Greenaway Service First	9 Aug 2015 to 14 Aug 2015	Bangalore and Jaipur, India To complete due diligence of outsourced operations with Infosys and Unisys	\$7,372	\$7,372	
A Lean Better Regulation	19 Mar 2016 to 27 Mar 2016	Boston, United States of America To attend a Harvard Kennedy School Course,	\$14,191	-	1

Name and Division	Travel dates	Destination, purpose and benefits	Total cost	Net cost to DFSI	Note
Division		Driving Government Performance about successful programs in regulatory agencies globally			
P Harcombe Land and Property Information	30 Apr 2016 to 8 May 2016	Christchurch, New Zealand To attend the Intergovernmental Committee for Surveying & Mapping and International Federation of Surveyors Working Week which will benefit from the development, coordination and access to national and cross jurisdictional spatial data programs, standards and specifications.	\$2,855	\$2,855	
A Reitdijk Better Regulation Division - SafeWork	24 May 2016 to 26 May 2016	Christchurch, New Zealand To conduct quality assessment for TestSafe clients	\$904	-	2
A Reitdijk Better Regulation Division - SafeWork	22 Feb 2016 to 26 Feb 2016	Auckland, Christchurch, Dunedin New Zealand To conduct quality assessment for TestSafe clients	\$2,506	-	3
A Reitdijk Better Regulation Division - SafeWork	22 Nov 2015 to 27 Nov 2015	Christchurch, Dunedin, Wellington, Auckland New Zealand To conduct quality assessment for TestSafe clients	\$2,496	-	4
CW Lee Better Regulation Division - SafeWork	26 June 2016 to 3 July 2016	South Korea To conduct quality assessment for TestSafe clients	\$2,101	-	5
J Zhao Better Regulation Division - SafeWork	14 Mar 2016 to 19 Mar 2016	China, Malaysia, Singapore To conduct quality assessment for TestSafe clients	\$2,542	-	6
K Aherton Government and Corporate Services	30 May 2016 to 11 Jun 2016	Jaipur, India To conduct GovConnect / Infosys payroll training on behalf of State Government	\$2,975	\$2,975	
A Judge Government and Corporate Services	30 May 2016 to 11 Jun 2016	Jaipur, India To conduct GovConnect / Infosys payroll training on behalf of State Government	\$2,975	\$2,975	
T Tsukamoto NSW Fair Trading	31 May 2016 to 1 June 2016	Auckland, New Zealand To audit a recognised external approval scheme (REAS)	\$604	\$604	
C He NSW Fair Trading	31 May 2016 to 1 June 2016	Auckland, New Zealand To audit a recognised external approval scheme (REAS)	\$604	\$604	
P Clark NSW Public Works	14 Sep 2015 to 18 Sep 2015	Norfolk Island, Australia To perform scheduled maintenance of ocean monitoring equipment	\$1,558	-	7
J Vaubell NSW Public Works	14 Sep 2015 to 17 Sep 2015	Lord Howe Island, Australia To perform scheduled maintenance of ocean monitoring equipment	\$2,346	-	7
P Mitchell	18 Nov 2015 to	Singapore	\$5,568	\$5,568	

Name and Division	Travel dates	Destination, purpose and benefits	Total cost	Net cost to DFSI	Note
Land and Property Information	20 Nov 2015	To attend the Registrars of Title Conference by Australasian jurisdiction on topical and emerging strategy for land registration			
G Ostojic Better Regulation Division - SafeWork	13 Sep 2015 to 19 Sep 2015	Christchurch, New Zealand To conduct onsite assessment of improvements to operations requested by three clients	\$1,707	-	8
G Ostojic Better Regulation Division - SafeWork	28 Feb 2016 to 2 Mar 2016	Johannesburg, South Africa To conduct quality assessment for TestSafe clients	\$2,470	-	9
U Singh Better Regulation Division - SafeWork	13 Sep 2015 to 19 Sep 2015	Christchurch, New Zealand To conduct onsite assessment of improvements to operations requested by three clients	\$1,510	-	8
P Beddoe NSW Public Works	27 Apr 2016 to 3 May 2016	Fairfax, Virginia, United States of America To attend the accreditation process of the engineering components under the NSW Fire and Rescue in support of USA seeking the International Search and Rescue Advisory Group (INSARAG) certification	\$4,553	-	10

Notes

- 1 Expenses paid by the NSW Public Service Commission
- 2 Expenses paid under contractual arrangement with the NSW Fire and Rescue
- 3 Expenses paid by various TestSafe clients
- 4 Expenses paid by various TestSafe clients
- 5 Expenses paid by Hyundai Heavy Industries Co. Ltd
- 6 Expenses paid by various TestSafe clients
- 7 Expenses met under contractual arrangement with the Office of Environment and Heritage
- 8 Expenses paid by CMG New Zealand Pty Ltd
- 9 Expenses paid by China National Quality Supervision & Test Centre for Explosion-proof and Safety Products for Coal Mines (CMExC)
- 10 Expenses paid by the NSW Fire and Rescue

6.16 Public interest disclosure

DFSI had a Fraud and Corruption Internal Reporting Policy that outlined for staff the support and protections available under the *Public Interest Disclosures Act 1994* for a person wishing to make a public interest disclosure (PID). The policy was widely available on the DFSI intranet and included details of the nominated officers who are authorised to receive a disclosure.

PID resources were available to staff on the DFSI intranet and highlighted during induction training. A refresh of the DFSI Fraud and Corruption Control Framework commenced and will include a review of PID reporting arrangements, updates to resources and awareness notifications.

	Public interest disclosures made by public officials in performing their day to day functions	Public interest disclosures not covered by (1) that are made under a statutory or other legal obligation	All other public interest disclosures
Number of public officials who made PIDs	5	0	5
Number of PIDs received	5	0	5
Of PIDs received, number primarily about:			
Corrupt conduct	5	0	5
Maladministration	0	0	0
Serious and substantial waste	0	0	0
Government information contravention	0	0	0
Local government pecuniary interest contravention	0	0	0
Number of PIDs finalised	3	0	3

6.17 Research and development

Land and Property Information

Rapid Analytics Interactive Scenario Explorer (RAISE) project

The RAISE project is a collaborative research initiative, being undertaken in partnership with the Cooperative Research Centre for Spatial Information, researching automated valuation models and methods to model value uplift.

This project has the potential to:

- improve and automate the processes currently undertaken to determine land values
- reduce the cost of valuations
- promote increased collaboration and knowledge sharing with groups from across government, industry and academia.

In addition to delivering a toolkit which will enable visualisation and analysis of automated valuation models and value uplift, the RAISE project will also facilitate rapid scenario planning to evaluate the benefits flowing from a range of potential infrastructure case studies.

Valuation Services, LPI and the University of New South Wales City Futures Research Centre are co-leading the project, which involves participants across industry and academia.

NSW Public Works

High Availability Data project

Public Works' Manly Hydraulics Laboratory (MHL) worked on the High Availability Data project on behalf of the Office of Environment and Heritage (OEH).

MHL is piloting technology in order to take advantage of recent best practice methodologies to host, manage and allow access to its valuable long-term data record. The name of the project reflects the value that end users place on the data itself, and on the ability to access that data on-demand with unfailing reliability.

The goals of the project were to:

- provide uninterrupted and reliable access to data critical / continuous operation
- implement infrastructure as a service
- provide public and registered users with greater access to OEH data
- utilise tools to facilitate portability, reduce vendor lock-in
- rehearse disaster recovery
- develop a highly optimised database with spatial support.

This project was funded by OEH (\$38,000) and drew upon a range of capabilities of Public Works staff.

6.18 Risk management, attestation and insurance activities

Risk and resilience framework

The department had in place a Risk and Resilience Framework which complied with the core requirements of the NSW Treasury's *Internal Audit and Risk Management Policy for the NSW Public Sector (Policy and Guidelines Paper TPP 15-03)* and *AS/NZS ISO 31000:Risk Management Principles and Guidelines*. The aim of the Risk and Resilience Framework was to ensure that:

- the Secretary, the DFSI Executive and all managers could confidently make informed business decisions
- change opportunities and initiatives could be pursued with greater speed, robustness and confidence for the benefit of DFSI and its stakeholders
- there was greater certainty in achieving strategic objectives
- daily decisions at the operating level were made within the context of DFSI's capacity to accept risk
- the organisation managed the risk of intangible assets – reputation, regulatory, intellectual and knowledge capital, processes and systems – just as fully as it managed physical and financial assets.

DFSI risk management was linked with strategic and business planning, initiative planning, value drivers and the performance measurement process.

Internal Audit and Risk Management Attestation Statement for the 2015-2016 Financial Year for Department of Finance, Services and Innovation

I, Martin Hoffman, Secretary, am of the opinion that the Department of Finance, Services and Innovation 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
Risk Management Framework		
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
Internal Audit Function		
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
Audit and Risk Committee		
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:

- Carol Holley, Independent Chair, from 2 December 2015 to 1 December 2020
- Dianne Hill, Independent Member, from 1 February 2016 to 31 January 2019
- Mark O'Sullivan, Independent Member, from 25 January 2016 to 24 January 2018
- Bruce Turner AM, Independent Member, from 22 January 2016 to 21 January 2019.

The previous Audit and Risk Committee was disbanded with effect from 20 November 2015.

This Audit and Risk Committee has been established under a Treasury approved shared arrangement with the following departments/statutory bodies:

- Rental Bond Board
- NSW Fair Trading Administration Corporation
- Mine Subsidence Board
- NSW Government Telecommunications Authority
- State Records Authority

Martin Hoffman

Secretary, Department of Finance Services and Innovation

Date: 16/9/16

Agency Contact Officer

Geoff Campbell
Chief Audit Executive, 9372 8040
geoff.campbell@finance.nsw.gov.au

Business risk insurance

DFSI had insurance arrangements in place for all its assets and major risks. Insurable risk cover was primarily provided through participation in the NSW Treasury Managed Fund (TMF), a NSW Government self-insurance scheme. Insurable risk exposures covered through the TMF included property, liability, motor vehicle, workers compensation, travel and personal accident.

Claims performance

Claims performance for the 2015-16 period improved significantly over the period with no attributable catastrophe losses and diminishing non-catastrophe losses across all lines.

Number of claims

	2012-13	2013-14	2014-15	2015-16
Workers Compensation	155	79	120	64
Motor Vehicle	133	103	90	93
Property	8	5	13	5
Liability	5	6	4	-
Other	1	1	3	-
Total	301	193	229	

Net incurred claims cost (\$)

	2012-13	2013-14	2014-15	2015-16
Workers Compensation	1,188,117	702,517	781,887	884,236
Motor Vehicle	380,909	416,485	306,185	240,014
Property	68,118	123,534	3,316,330	49,293
Liability	595,000	261,915	719,630	-
Other	696	610	2,932	-
Total	2,232,144	1,504,452	5,126,964	

All incurred claims and relevant costs were sourced from TMF database. They are based on the claims lodged and relevant assessment to date. The final costs and claim numbers may vary due to the timing of loss incurred, claims reported, and the outcome of negotiated settlement.

NSW Government Digital Information Security Policy

Digital Information Security Annual Attestation Statement for the 2015-2016 Financial Year, for Department of Finance, Services & Innovation (DFSI)

I, Martin Hoffman, am of the opinion that DFSI had an Information Security Management System (ISMS) in place during the 2015-2016 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 DFSI are adequate.

During the year, DFSI transitioned IT services to a new shared services provider. Independent risk assessments performed during the year, as part of this transition, identified some areas requiring remediation. Actions to address these areas have largely been completed with remaining issues to be closed by 30 September 2016.

Risks to the digital information and digital information systems of the Office of State Revenue, Land & Property Information, GovDC, and ServiceFirst have been assessed with an independent ISMS developed in accordance with the NSW Government Digital Information Security Policy.

Martin Hoffman

Secretary, Department of Finance Services and Innovation

Date: 22/8/16

6.19 Significant judicial decisions

AQO v Minister for Finance and Services

In 2012, the then Minister for Finance and Services (Minister) issued a media release announcing the Government's intention to reform the then WorkCover substantially, so that it would remain financially viable. The release included two anonymised case studies as examples of excessive benefit outcomes, using information provided by the former WorkCover.

AQO became aware of the release and felt that one case study contained unique details of his workers compensation claim, being health and personal information which was not public. In January 2013, AQO applied under section 53 of the *Privacy and Personal Information Protection Act 1998* (PPIP Act) and section 21 of the *Health Records and Information Privacy Act 2002* (HRIP Act) for an internal review of the Minister's alleged conduct in obtaining and using his personal information in the media release.

The Minister refused to conduct an internal review on the basis that those Acts apply to a 'public sector agency' as defined in those Acts and he was not within the scope of the definition. That definition was essentially identical in the PPIP Act and HRIP Act. In May 2013, AQO applied to the NSW Civil and Administrative Tribunal (NCAT) for an administrative review of the Minister's conduct and in December 2014 NCAT held that the Minister was a 'public sector agency' and therefore had to comply with the PPIP Act and HRIP Act.

The Minister appealed successfully to the Appeal Panel of NCAT which in August 2015 held in *Pearce v AQO* [2015] NSWCATAP 162 that the Minister was not a 'public sector agency' within the meaning of the PPIP Act and HRIP Act. AQO appealed to the NSW Court of Appeal which in September 2016 in *AQO v Minister for Finance and Services* [2016] NSWCA 248 reversed the decision of the Appeal Panel of NCAT and re-affirmed the December 2014 decision of NCAT.

The various proceedings were significant as they turned on paragraph (d) of the definition of 'public sector agency' which relevantly specified 'a person or body in relation to whom, or to whose functions, an account is kept of administration of working expenses', being 'an account with respect to which the Auditor-General has powers'.

NSW Fair Trading

Peter Noel Sorensen

Mr Sorensen was prosecuted in the Local Court at Parramatta in 2014-15 for offences under the Australian Consumer Law. It was alleged that Mr Sorensen, trading as 'Construction Mining & Resource Media', had issued false tax invoices to various mining companies seeking payment for the purported placing of advertisements, allegedly at the companies' request, in various mining magazines which did not exist. On 16 February 2015, the Court convicted Mr Sorensen, sentencing him to 15 months' imprisonment with a six month non-parole period. Mr Sorensen was also ordered to pay compensation of \$100,000 to the victim mining companies. Mr Sorensen appealed the severity of this sentence to the District Court at Parramatta. The appeal was dismissed on 6 July 2015.

Christopher Boyce

Mr Boyce was prosecuted in the Local Court at Parramatta for offences under the Australian Consumer Law. It was alleged that Mr Boyce, trading as a removalist under the names Bustamove and Interstate Removalist Specialists, had accepted payment for providing removalist services and then either failed to provide those services, or failed to provide services in a timely manner. On 28 April 2016, the Court convicted and fined Mr Boyce total of \$80,000, ordering him to pay \$26,061.38 compensation to 10 consumer victims.

Bresic Whitney Estate Agents Pty Ltd

Bresic Whitney Estate Agents Pty Ltd was prosecuted in the Local Court at Parramatta for offences under the *Property, Stock and Business Agents Act 2002*. It was alleged that the agency, through its representatives, had falsely understated the estimated selling price of three properties. Following a defended hearing, the Court dismissed the charges on 8 May 2016.

Steven Miller

Mr Miller was prosecuted in the Local Court at Parramatta for offences under the *Home Building Act 1989*, Australian Consumer Law and the *Crimes Act 1900*. It was alleged that Mr Miller induced consumers to believe he was licensed to undertake residential building work when he was not. He then commenced work, demanded and accepted payment, but then failed to return and complete the works. On 5 January 2016, the Court convicted and fined Mr Miller \$47,000 as well as sentencing him to imprisonment for a total term of 32 months with a 24 month non-parole period. On severity appeal to the District Court, the term of imprisonment was reduced on 26 April 2016 to 26 months with a non-parole period of 18 months on the basis of special circumstances.

Michael Issa

Mr Issa was prosecuted in the Local Court at Parramatta for offences under the *Home Building Act 1989*, Australian Consumer Law and the *Crimes Act 1900*. It was alleged that Mr Issa induced consumers to believe he was licensed to undertake residential building work when he was not. He accepted payment and failed to provide services. On 31 March 2016, the Court convicted and fined Mr Issa \$15,000, awarded compensation of \$26,000 to consumer victims and sentenced Mr Issa to a term of 12 months' imprisonment with a non-parole period of two months, 11 days.

Goce (George) Sekuloski

Proceedings were commenced in the Supreme Court in 2014-15 seeking an injunction against Mr Sekuloski and a number of companies that he operated in response to a history of consumer complaints alleging unlawful practices under the Australian Consumer Law including: not supplying goods; supplying goods that were defective, of poor quality or did not match their advertised description; advertising and selling unapproved electrical items and other goods; unlicensed motor dealing; wrongly accepting payment; failing to comply with NCAT orders; and, making false and misleading representations about the quality and origin of goods.

On 12 November 2015, by consent, the Supreme Court ordered Mr Sekuloski and three of his companies, Combined Systems CS Pty Ltd, Earth8 Construction Pty Ltd and Combined Solutions Pty Ltd, to comply with the consumer guarantee provisions of the Australian Consumer Law and establish and maintain proper selling and marketing practices and compliance and complaint handling systems. Mr Sekuloski and his companies were also ordered to pay \$7,630.74 compensation to nine consumers, as well as costs of the Supreme Court proceedings.

Suisheng Wang t/as Realdeal 2 U and Yong Xin Jiang t/as Doonside Bargain Shop

In 2015-16, NSW Fair Trading brought pecuniary penalty proceedings in the Parramatta Local Court in its special jurisdiction against two traders for contraventions of section 106 of the Australian Consumer Law. The traders had been detected selling children's toys that did not comply with product safety standards and presented a danger to children. On 2 February 2016, the Court convicted the traders and imposed pecuniary penalties and costs of \$1,000 on each trader. The pecuniary penalties were made payable to the Consumer Law Fund maintained by NSW Fair Trading under s79Y of the *Fair Trading Act 1987*. These were the first pecuniary penalty matters taken in NSW. As such they indicate a willingness by the courts to impose pecuniary penalties for contraventions of the Australian Consumer Law, which, once paid into the Consumer Law Fund, can be applied by NSW Fair Trading to consumer issues generally, an option not available with fines.

Megan Harrod

Ms Harrod was prosecuted in the Local Court at Parramatta for the fraudulent conversion of trust funds under s211 of the *Property, Stock & Business Agents Act 2002*. It was alleged that Ms Harrod, as the director of J & M Harrod Pty Ltd (Harrods Real Estate) had misappropriated \$730,000 from rent trust monies and \$65,587 from sales deposits. On 18 September 2015, Ms Harrod was convicted and sentenced to two years' imprisonment by way of an intensive correction order.

Shaun Andrew Crockford

Mr Crockford was prosecuted in the Local Court at Parramatta for the fraudulent conversion of trust funds under s211 of the *Property, Stock & Business Agents Act 2002*. It was alleged that Mr Crockford as director of Quakers Hill Property Management Pty Ltd and Ezi Realty Pty Ltd had misappropriated \$808,000 from trust accounts. On 25 September 2015, the Court convicted and sentenced Mr Crockford to two years' imprisonment by way of an intensive correction order.

Land and Property Information

Jobema Developments Pty Ltd v Zhu [2016] NSWSC 3

This decision related to the first application by a vendor under section 66ZL of the *Conveyancing Act 1919*, seeking leave to rescind an off the plan contract using a sunset clause. The section requires a vendor to seek the leave of the Court before exercising a sunset clause, unless the purchaser consents to the rescission. Before granting leave the Court must be satisfied that the vendor's rescission is just and equitable.

The vendor's application was dismissed by the Court. Justice Black considered each of the factors which section 66ZL(7) requires a court to consider in determining whether it is just and equitable to permit rescission but was not satisfied that the rescission was just and equitable, even though the vendor itself was not found to have acted in bad faith. The decision should make vendors think carefully before rescinding a contract merely on the basis of a vendor's failure to complete construction before the sunset date.

Office of State Revenue

Australian Native Landscapes Pty Ltd v Chief Commissioner of State Revenue [2015] NSWCATAD 189

The Chief Commissioner issued Land Tax Assessments to Australian Native Landscapes Pty Ltd in respect of land which was considered by the Valuer-General as one parcel of land despite consisting of two separate parts with their own postal addresses. Australian Native Landscapes Pty Ltd objected to the decision as it conducted “compost farming” on parts of the land.

The proceedings considered whether the land consisted of two or more parcels of land and whether “compost farming” is a primary production activity that is “cultivation, for the purpose of selling the produce for the cultivation”.

The Tribunal agreed that there was no legislative power to dissect a parcel of land. Australian Native Landscapes Pty Ltd was also unable to convince the Tribunal that the land was used for a primary production activity.

The decision to issue Land Tax Assessments was confirmed.

Codlea Pty Ltd v Chief Commissioner of State Revenue [2015] NSWCATAD 136

The Chief Commissioner declined a primary production land tax exemption in respect of beekeeping operations for Codlea. Codlea had lodged an application with the Department of Planning to subdivide a parcel of 31.33ha of land into 167 residential lots in 2006 and 2011. While waiting for approval to be given, Codlea decided to pursue beekeeping and honey production as an economic interim use of the land.

The Tribunal considered whether the dominant use of the land was for the keeping of bees for the purpose of selling their honey, whether the beekeeping use of the land had a significant and substantial commercial purpose or character, and whether the beekeeping use of the land was engaged in for the purpose of profit on a continuous or repetitive basis (regardless of whether or not a profit is actually made).

The Tribunal was convinced the dominant use of the land was for the keeping of bees for the purpose of selling their honey, as the relevant approvals had not been given for the subdivision. However, the Tribunal found Codlea was not a commercial beekeeper and therefore did not have the requisite commercial character, and that the beekeeping activities were not conducted for the purpose of profit on a continuous and repetitive basis.

The Tribunal confirmed the assessments made under the Act on the ultimate basis of a finding that Codlea’s use of the relevant land for beekeeping did not, for any of the land tax years in question, meet the requirements for an exemption to be available. Codlea subsequently appealed the decision (Codlea Pty Ltd v Chief Commissioner of State Revenue [2016] NSWCATAP 30) but was unsuccessful as they identified no questions of law.

Chan & Naylor Australia Pty Ltd v Chief Commissioner of State Revenue [2016] NSWCATAD 4

Chan & Naylor Australia Pty Ltd and Chan & Naylor Pty Ltd ATF the Chan & Naylor Trust sought review of the Chief Commissioner of State Revenue’s decision regarding liability for payroll tax in relation to grouping under the Payroll Tax Act 2007. They also sought relief from penalty tax and interest imposed on the assessments.

The Tribunal was required to consider whether the entities should be grouped and found they should be. The Tribunal was not satisfied Mr Chan and Mr Naylor did not comprise a set of persons with a controlling interest in each business carried on by the entities involved.

The Tribunal also upheld the decision to impose penalty tax and interest as there were no exceptional circumstances put to the Tribunal and Chan & Naylor et al were unable to show they had exercised reasonable care.

SafeWork NSW

Romanous Contractors Pty Ltd and Mr Allen Romanous

Romanous Contractors Pty Ltd and its director, Mr Allen Romanous, were prosecuted in the District Court under s32 of the *Work Health and Safety Act 2011*. A bricklayer sustained fatal head injuries when he fell approximately five metres through an unsecured penetration at a construction site.

The District Court convicted Romanous Contractors and its director and imposed a penalty of \$425,000 on the company and \$85,500 on the director. In sentencing the defendants, the District Court commented that a substantial fine should be imposed in this case because the incident was so serious and there was a need to ensure deterrence. The risk was obvious and Mr Romanous knew the penetration was not secured.

Visy Paper Pty Ltd

Visy Paper Pty Ltd was prosecuted in the District Court under s32 of the *Work Health and Safety Act 2011*. A worker was fatally injured when a forklift truck reversed into him. Visy Paper did not enforce a pedestrian and traffic management plan to ensure moving plant did not come into contact with pedestrians. On 4 September 2015, the District Court convicted Visy Paper and imposed a penalty of \$412,500. The District Court found that a risk assessment in 2010 had identified the risk of pedestrians being struck by moving forklifts. Visy Paper had implemented procedures to address the risk but failed to comply with its own procedures. Seven months prior to the incident, a forklift truck had struck another worker.

THO Services Limited – appeal to the Court of Criminal Appeal

THO Services was prosecuted under s32 of the *Work Health and Safety Act 2011* arising out of an incident on 11 March 2013 when a 15-year-old Year 10 school student sustained permanent loss of vision to both eyes because he was welding without eye protection at the company's Muswellbrook site. At sentencing on 15 February 2016, the District Court did not impose a penalty but instead dismissed the charge under the provisions of s10 of the *Crimes (Sentencing Procedure) Act 1999*. THO Services was ordered to pay the prosecutor's costs of \$28,000. SafeWork NSW is appealing the sentence on the grounds that it was manifestly inadequate. The appeal is listed for hearing before the NSW Court of Criminal Appeal on 28 September 2016.

Pickles Auctions Pty Ltd

Pickles Auctions was prosecuted in the District Court under section 32 of the *Work Health and Safety Act 2011*. On 20 March 2013, two workers were manually unloading a cabinet from the back of a truck onto the tines of a forklift truck. The workers lost control of the cabinet and were struck by it as it fell. One worker suffered fatal injuries and the other suffered fractured ribs and a knee injury. The District Court considered the risk was foreseeable, the consequences of serious injury were foreseeable and there were simple measures available to eliminate the risk. The Court was of the view that the gravity of the risk was at the higher level. On 8 June 2016, the District Court convicted and fined Pickles Auctions \$255,000.

Garth Paterson

In the course of investigating an incident involving serious injury to a person who fell from height at a construction site, a SafeWork NSW inspector issued two notices under s155(2) of the *Work Health and Safety Act 2011* to Garth Paterson. The notices required Mr Paterson to provide information and to produce documents to the SafeWork NSW inspector. Mr Paterson did not comply with the notices.

SafeWork NSW prosecuted Mr Paterson under s155(5) of the *Work Health and Safety Act 2011* for failing to respond to the notices. On 2 May 2016, the Downing Centre Local Court convicted Mr Paterson of both offences and fined him a total of \$2,000 with costs of \$3,000. The maximum penalty for each offence is \$10,000. The Court also issued an order under s237(1) of the *Work Health and Safety Act 2011* requiring Mr Paterson to respond to the notices by 30 May 2016.

The Court noted the serious workplace incident that was under investigation by SafeWork NSW and that there was an obligation on Mr Paterson to provide the information and to assist the investigation. Mr Paterson subsequently complied with the Court's order and responded to the notices.

Salvation Army (NSW) Property Trust

Salvation Army (NSW) Property Trust was prosecuted in the District Court under s32 of the *Work Health and Safety Act 2011*. On 30 April 2013, a volunteer process worker suffered crush injuries when his hand was caught in a conveyor roller. The conveyor was not properly guarded to prevent access to its moving parts. At the sentence hearing on 26 November 2015, the Court made an order under s239 of the *Work Health and Safety Act 2011* (a court-ordered WHS Undertaking). The Undertaking required the Salvation Army (NSW) Property Trust to register, review and decommission all unsafe plant, and conduct an independent audit at its expense. On 23 May 2016, following confirmation that the conditions of the Undertaking were met, the Court discharged the defendant with no conviction.

6.20 Waste reduction and purchasing policy

The Waste Reduction and Purchasing Policy (WRAPP) has been replaced by the [Government Resource Efficiency Policy \(GREP\)](#).

DFSI is implementing the initiatives outlined in the GREP, including performance reporting on the 13 policy measures to the Office of Environment and Heritage and participation in the whole of government GREP Interdepartmental Committee.

6.21 Work health and safety and injury management

DFSI is committed to providing a healthy and safe workplace for all employees, including contractors, agency staff and volunteers.

A number of initiatives in 2015-16 contributed to prevention of injuries and illnesses and promoted a timely, sustainable and early return to work for injured workers.

Office ergonomics

Soft tissue injuries related to repetitive tasks are a key contributor to DFSI's injury profile. DFSI reduced the risk of injury in this area by:

- self-assessment of workstations when new staff commence employment and regular assessment of workstations in response to reports of discomfort
- giving presentations about workstation ergonomics and exercise in orientation sessions
- implementing tools and guidelines to support changes in technology, for example using stand-up workstations and hand-held devices and laptops
- providing access to a keyboard management system in situations where people might be at risk of soft tissue injuries due to the repetitive nature of the work.

The focus in 2016-17 will be on implementing:

- DFSI's Work Health and Safety Management System: a series of documents which establishes the framework by which the organisation complies with legislative requirements and keeps its people safe

- DFSI's Workforce Wellness Strategy: targeted initiatives, programs, and information resources that address employee wellness and wellbeing through four focal pillars (physical, mental, social, and environmental health)
- Workers Compensation and Return to Work Early Intervention Strategies: collaborative initiative with Allianz (insurer) to implement early intervention strategies that efficiently manage workers compensation claims through a behavioural insights program.

Work Health Safety and Injury Management Community of Practice

The Work Health Safety and Injury Management (WHSIM) Community of Practice (CoP) met regularly throughout 2015-16 to discuss DFSI's strategic WHS direction.

The CoP reviewed documentation developed as part of the project to simplify and update DFSI's Work Health and Safety Management System.

The group participated in the wider WHSIM community by:

- hosting meetings with other mid-size agencies through the MIDAS group coordinated by Suncorp Risk Service
- attending the quarterly Public Sector Rehabilitation Coordinators Network meetings to maintain currency of knowledge and facilitate the implementation of a best practice approach to claims management within DFSI
- attending quarterly claims reviews with the insurer and participating in quarterly service level agreement meetings facilitated by SICorp in order to monitor and review the effective management of workers compensation claims.

Training

The Employee Safety and Wellbeing team:

- facilitated effective committee training for DFSI Health and Safety Committee members
- participated in the DFSI orientation program to provide information about WHS and office ergonomics.

Staff health and wellbeing initiatives

During the reporting period, DFSI offered its employees:

- Flu vaccinations – the DFSI annual flu vaccination program provided free on-site flu vaccinations to minimise the risk of contracting the influenza virus. Available in 32 locations throughout NSW, the program was taken up by 2,275 participants from all divisions including contractors and external agencies working in the same premises
- Illness prevention – in the lead up to winter, DFSI introduced a comprehensive approach to protecting employee health, placing hand sanitisers in bathrooms and common areas, using surface wipes to clean furniture and equipment and providing face masks and wipes on request
- Fitness Passport is an external organisation that facilitates access to reduced price gymnasium memberships. This program was made available to all DFSI employees to support their health and wellbeing and 973 DFSI employees hold a single or family Fitness Passport membership.

Workers compensation

Deposit premium contributions

The deposit premium across the cluster has reduced each year since a contribution high in 2012-13, with an overall reduction of 51 per cent to 2014-15. The reduction from 2014-15 to 2015-16 was 19.7 per cent.

Litigated claims

DFSI had 23 claims listed in the Workers Compensation Commission:

- six claimants were awarded settlements for whole person impairment
- five claimants were awarded payments for wages and medical expenses
- one claimant was awarded payment for medical expenses only
- two matters are under appeal or in dispute
- one matter was awarded in favour of the respondent and the insurer's decision upheld
- one matter was withdrawn
- remaining matters are awaiting hearing dates or outcomes.

Claims data

An increase occurred in the number of workers compensation claims reported during the 2015-16 financial year in comparison to the previous period. However, the five-year trend reflects positive performance with a reduction in the number of claims that are premium impacting.

Increases in claims reported during 2015-16 occurred for:

- NSW Fair Trading
- Public Works and Others
- Office of State Revenue
- Land and Property Information
- State Records
- Teacher Housing Authority.

A 17 per cent reduction occurred in the number of claims resulting in lost time in comparison to the 2014-15 financial year.

Workers compensation claims

Business areas by workers compensation policy capture	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2015-16	2015-16	2015-16 ⁵
	No. of injuries resulting in claims ^{2,6}						No of injuries resulting in lost time ^{3,6}	Total time lost due to injuries (in days) ^{3,6}	Average time lost per injury (in days) ^{3,6 7}
NSW Fair Trading	65	64	29	14	11	32	9	251.57	27.95
NSW Procurement	4	2	0	1	0				
ServiceFirst	20	18	7	3	2	2	1	82.69	82.69
Public Works and others ¹	48	59	23	8	8	27	5	52.86	10.57
Construction Services Group	31	17	14	14	16	16	4	183.72	45.93
Office of State Revenue	38	55	23	19	19	23	8	179.92	22.49
Land and Property Information	47	35	24	10	10	11	1	2.00	2.00
Waste Assets Management Corporation ⁴	7	8	3	5	4	1	0	0.00	0.00
Housing and Property Group	1	2	2	2	2	0	0	0.00	0.00
State Records	10	10	5	3	2	6	1	3.00	3.00
Teacher Housing Authority	0	0	0	0	0	1	0	0.00	0.00
Telco ⁴	0	0	0	1	0	0	0	0.00	0.00
Govt cleaning service	0	0	1	0	0	0	0	0.00	0.00
Total	271	270	131	80	74	119	29	755.76	194.632

Notes

- 1 NSW Public Works and others include all other divisions within the agency not specifically itemised in this table.
- 2 Claim numbers and claim totals may change between annual reporting periods due to late notification of injury or movements within the agency.
- 3 Time lost data will continue to change as claims mature and data is updated by the insurer with payment of wage reimbursement schedule.
- 4 Data for previous years not available. Data is updated as agencies join/exit the agency.
- 5 Total 2014-15 average time lost per injury (total lost time in hours / 7 (7.6 for Construction Services Group and WAMC) to show lost time in days) represents the average time lost per injury across the agency. Data source: Allianz TMF 3 July 2015.
- 6 Injuries include illnesses.
- 7 Figure is calculated by dividing total time lost due to injuries (in days) by total number of injuries resulting in lost time.

6.22 Access to DFSI and related entities' offices

Department of Finance, Services and Innovation

McKell Building, 2-24 Rawson Place, Sydney NSW 2000

T: 02 9372 8738 | TTY: 1300 301 181

www.finance.nsw.gov.au

Hours: 8:30am – 5:30pm

Better Regulation

McKell Building, 2-24 Rawson Place, Sydney NSW 2000

T: 02 9372 8738 | TTY: 1300 301 181

www.finance.nsw.gov.au

Hours: 8:30am – 5:30pm

NSW Fair Trading

The Eclipse Building

Level 11, 60 Station Street, Parramatta NSW 2150

PO Box 972, Parramatta NSW 2124

Phone: 02 9895 0111 | TTY: 1300 723 404

www.fairtrading.nsw.gov.au

Hours: 8:30am – 5:00pm

NSW Public Works

Level 20 McKell Building, 2-24 Rawson Place, Sydney 2000

T: 02 9372 8949 | TTY: 1300 301 181

www.finance.nsw.gov.au

ICT and Digital Government

McKell Building, 2-24 Rawson Place, Sydney NSW 2000

T: 02 9372 8278 | TTY: 1300 301 181

www.finance.nsw.gov.au

Hours: 8:30am – 5:00pm

Land and Property Information

1 Prince Albert Road, Queens Square, Sydney NSW 2000

GPO Box 15, Sydney NSW 2001

T: 02 9228 6666

www.lpi.nsw.gov.au

Hours: 8:30am – 4:30pm

Office of State Revenue

132 Marsden St, Parramatta

GPO Box 4042, Sydney NSW 2001

T: 02 9689 6200 | TTY: 1300 301 181

www.osr.nsw.gov.au

Phone enquiries: Hours: 8:30am – 5:00pm

Counter services: Hours: 8:30am – 4:30pm

Property and Housing Group

Property NSW

Bligh House, 4–6 Bligh Street, Sydney NSW 2000

GPO Box 4081, Sydney NSW 2001

T: 02 9273 3800

Level 6, 66 Harrington Street, The Rocks NSW 2000

PO Box N408, Grosvenor Place NSW 1220

T: 02 9240 8500

www.property.nsw.gov.au

Waste Assets Management Corporation

Level 2, 10 Valentine Avenue, Parramatta NSW 2150

PO Box 3366, Parramatta NSW 2124

T: 02 9685 4960

www.wamc.nsw.gov.au

Public Works Advisory

McKell Building, 2–24 Rawson Place, Sydney NSW 2000

T: 02 9372 8877

www.publicworksadvisory.nsw.gov.au

Hours: 8:30am – 4:30pm

Teacher Housing Authority

McKell Building, 2–24 Rawson Place, Sydney NSW 2000

Locked Bag 7, Haymarket NSW 1240

T: 02 9260 2000

www.tha.nsw.gov.au

DFSI Valuation Services

1 Prince Albert Road, Queens Square, Sydney NSW 2001

PO Box 745, Bathurst NSW 2795

T: 1800 110 038

www.valuergeneral.nsw.gov.au

Financial statements

Department of Finance, Services and Innovation

Waste Assets Management Corporation

Board of Surveying and Spatial Information





INDEPENDENT AUDITOR'S REPORT

Department of Finance, Services and Innovation

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Department of Finance, Services and Innovation (the Department), which comprise the statement of financial position as at 30 June 2016 the statement of comprehensive income, statement of changes in equity, statement of cash flows, service group statements and summary of compliance with financial directives for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion the financial statements:

- give a true and fair view of the financial position of the Department as at 30 June 2016, 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 those standards are further 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 auditor independence requirements of:

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further 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, but precluding the provision of 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 preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Secretary determines is necessary to enable the preparation of financial statements that give a true and fair view and 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 unless the Department's operations will cease as a result of an administrative restructure. The assessment must include, disclosing, as applicable, matters related to going concern and 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 further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>.

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.



Margaret Crawford
Auditor-General of NSW

19 September 2016
SYDNEY

DEPARTMENT OF FINANCE, SERVICES AND INNOVATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016
STATEMENT BY THE SECRETARY

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

- a) the accompanying financial statements and notes thereto exhibit a true and fair view of the financial position of the Department of Finance, Services and Innovation as at 30 June 2016 and its financial performance for the year then ended
- b) the accompanying financial statements and notes thereto have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*, and the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer
- c) I am not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.


Secretary
Department of Finance, Services and Innovation

Date: 16 September 2016

DEPARTMENT OF FINANCE, SERVICES AND INNOVATION

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
Expenses excluding losses				
Operating Expenses				
Employee related	2(a)	729,267	869,061	727,567
Other operating expenses	2(b)	418,965	255,114	271,155
Depreciation and amortisation	2(c)	187,116	199,411	188,434
Grants and subsidies	2(d)	739,245	523,984	97,785
Finance costs	2(e)	33,147	33,128	32,282
Book value of motor vehicles sold	2(f)	99,630	125,673	115,337
Other expenses	2(g)	171	11,510	6,325
Total Expenses excluding losses		2,207,541	2,017,881	1,438,885
Revenue				
Recurrent appropriation	3(a)	939,995	815,349	-
Capital appropriation	3(a)	18,587	28,987	-
(Transfers to the Crown Entity)	3(b)	(13,527)	(60,635)	(83,029)
Sale of goods and services	3(c)	666,053	675,518	661,477
Personnel services revenue	3(d)	154,696	293,889	239,914
Investment revenue	3(e)	5,818	7,596	9,997
Retained taxes, fees and fines	3(f)	189,016	67,084	71,607
Grants and contributions	3(g)	52,591	22,487	383,523
Acceptance by the Crown Entity of employee benefits and other liabilities	3(h)	23,631	11,063	11,659
Proceeds from sale of motor vehicle inventory	3(i)	115,982	132,329	126,688
Other revenue	3(j)	9,454	8,068	8,911
Total Revenue		2,162,296	2,001,735	1,430,747
Gain/(loss) on disposal	4(a)	(15,462)	-	(14,886)
Other gains/(losses)	4(b)	(7,816)	-	717
		(23,278)	-	(14,169)
NET RESULT		(68,523)	(16,146)	(22,307)
Other comprehensive income				
<i>Items that will not be reclassified to net result</i>				
Superannuation actuarial gains/(losses)	18	-	-	(64,803)
Net increase in property, plant and equipment revaluation surplus		3,439	-	-
Total other comprehensive income/(loss)		3,439	-	(64,803)
TOTAL COMPREHENSIVE INCOME/ (LOSS)		(65,084)	(16,146)	(87,110)

The accompanying notes form part of these financial statements.

DEPARTMENT OF FINANCE, SERVICES AND INNOVATION

**STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	6	503,823	386,137	453,467
Receivables	8	288,109	383,409	355,239
Inventories	9	3,744	4,626	3,890
Total Current Assets		795,676	774,172	812,596
Non-Current Assets				
Receivables	8	-	2,558	159,104
Inventories	9	1,538	3,407	3,281
<i>Property, plant and equipment</i>				
Land and Buildings	11	37,029	105,835	102,327
Plant and Equipment	11	32,404	95,809	51,448
Motor Vehicles	11	518,813	490,875	525,053
Leasehold Improvements	11	31,514	-	30,784
<i>Total property, plant and equipment</i>		<i>619,760</i>	<i>692,519</i>	<i>709,612</i>
Intangible assets	12	145,901	141,557	143,047
Other	10	9,633	9,633	9,633
Total Non-Current Assets		776,832	849,674	1,024,677
Total Assets		1,572,508	1,623,846	1,837,273
LIABILITIES				
Current Liabilities				
Payables	14	316,508	267,836	284,040
Borrowings	15	148,864	198,991	173,354
Provisions	16	216,183	289,493	213,733
Other	17	87,181	6,741	86,384
Total Current Liabilities		768,736	763,061	757,511
Non-Current Liabilities				
Borrowings	15	378,667	323,978	367,640
Provisions	16	11,727	1,957	845,105
Other	17	4,649	734	1,140
Total Non-Current Liabilities		395,043	326,669	1,213,885
Total Liabilities		1,163,779	1,089,730	1,971,396
Net Assets / (Liabilities)		408,729	534,116	(134,123)
EQUITY				
Reserves		3,897	6,154	6,154
Accumulated funds		404,832	527,962	(140,277)
Total Equity		408,729	534,116	(134,123)

The accompanying notes form part of these financial statements.

DEPARTMENT OF FINANCE, SERVICES AND INNOVATION

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	Accumulated Funds \$'000	Asset Revaluation Surplus \$'000	Total \$'000
Balance at 1 July 2015		(140,277)	6,154	(134,123)
Net Result for the year		(68,523)	-	(68,523)
Other comprehensive income				
Net increase in property, plant and equipment	11	-	3,439	3,439
Total comprehensive income for the year		(68,523)	3,439	(65,084)
Transfer of asset revaluation surplus on disposal		5,696	(5,696)	-
Transactions with owners in their capacity as owners				
Increase in net assets from equity transfers	19	607,936	-	607,936
Balance at 30 June 2016		404,832	3,897	408,729
Balance at 1 July 2014		(62,125)	6,154	(55,971)
Net Result for the year		(22,307)	-	(22,307)
Other comprehensive income				
Superannuation actuarial loss	18	(64,803)	-	(64,803)
Total comprehensive income for the year		(87,110)	-	(87,110)
Transactions with owners in their capacity as owners				
Increase in net assets from equity transfers		8,958	-	8,958
Balance at 30 June 2015		(140,277)	6,154	(134,123)

The accompanying notes form part of these financial statements.

DEPARTMENT OF FINANCE, SERVICES AND INNOVATION

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		688,716	824,229	672,681
Grants and subsidies		739,245	523,984	97,785
Finance costs		33,147	33,128	32,282
Purchase of motor vehicles held for resale		99,249	229,586	114,873
Other		501,794	525,612	401,879
Total Payments		2,062,151	2,136,539	1,319,500
Receipts				
Recurrent appropriation		939,995	815,349	-
Capital appropriation (excluding equity appropriations)		18,587	28,987	-
(Transfers to the Crown Entity)		(14,032)	(70,635)	(94,410)
Sale of goods and services		984,526	979,405	1,032,156
Retained taxes, fees and fines		169,983	399	72,274
Interest received		6,459	7,496	9,941
Grants and contributions		52,591	22,051	383,523
Proceeds from sale of motor vehicle inventory		115,982	132,329	126,688
Other		11,459	334,221	14,088
Total Receipts		2,285,550	2,249,602	1,544,260
NET CASH FLOWS FROM OPERATING ACTIVITIES	24	223,399	113,063	224,760
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of land and buildings, plant and equipment and infrastructure systems		-	-	111
Purchases of land and buildings, plant and equipment and infrastructure systems		(146,435)	(26,706)	(168,254)
Proceeds from withdrawal of investment		-	-	9,649
Purchases of software		(34,774)	-	(38,477)
Other		-	(49,889)	1,013
NET CASH FLOWS FROM INVESTING ACTIVITIES		(181,209)	(76,595)	(195,958)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings and advances		230,346	205,664	248,277
Repayment of borrowings and advances		(243,809)	(222,813)	(244,095)
Other		-	(3,535)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		(13,463)	(20,684)	4,182
NET INCREASE/(DECREASE) IN CASH		28,727	15,784	32,984
Opening cash and cash equivalents		453,467	370,353	411,554
Cash transferred in/(out) as a result of administrative restructuring	19	21,629	-	8,929
CLOSING CASH AND CASH EQUIVALENTS	6	503,823	386,137	453,467

The accompanying notes form part of these financial statements.

Department of Finance, Services and Innovation
Service Group Statements - Expenses and Revenue for the year ended 30 June

EXPENSES AND INCOME	Public Works* 2016 \$'000	Public Works* 2015 \$'000	Better Regulation* 2016 \$'000	Better Regulation* 2015 \$'000	Govt Services* 2016 \$'000	Govt Services* 2015 \$'000	Service Innovation & Strategy* 2016 \$'000	Service Innovation & Strategy* 2015 \$'000	Fair Trading* 2016 \$'000	Fair Trading* 2015 \$'000
Expenses excluding losses										
Operating Expenses										
• Employee related	111,134	102,156	53,623	-	39,106	74,882	28,085	-	77,175	88,724
• Other operating expenses	64,085	38,946	38,840	-	84,719	92,496	63,168	-	33,482	21,883
Depreciation and amortisation	1,821	1,409	820	-	139,111	150,472	2,840	-	7,312	3,662
Grants and subsidies	14,677	7,114	2,870	-	1,382	4,527	1,631	-	19,564	16,441
Finance costs	-	-	-	-	33,067	32,198	-	-	-	-
Book value of motor vehicles sold	-	-	-	-	99,630	115,337	-	-	-	-
Other expenses	12,385	18,455	161	-	(31,353)	(27,395)	1,560	-	10,694	20,700
Total Expenses excluding losses	204,102	168,080	96,314	-	365,662	442,517	97,284	-	148,227	151,410
Revenue **										
Recurrent appropriation	-	-	-	-	-	-	-	-	-	-
Capital appropriation	-	-	-	-	-	-	-	-	-	-
Transfers to Crown Entity	-	(5,396)	-	-	(15,671)	(14,445)	-	-	-	-
Sale of goods and services	142,874	140,163	13,453	-	198,212	255,984	36,118	-	24,911	28,259
Personnel services revenue	-	-	-	-	-	-	-	-	-	-
Investment revenue	7	267	697	-	351	1,035	4	-	4,468	4,736
Retained taxes, fees and fines	1	-	110,739	-	1	-	1	-	78,133	71,460
Grants and contributions	34,831	11,942	3,856	-	13,081	61,292	109	-	154	33,063
Acceptance by the Crown Entity of employee benefits and other liabilities	-	-	1,100	-	-	-	-	-	-	-
Proceeds from sale of motor vehicles	-	-	-	-	115,982	126,688	-	-	-	-
Other revenue	(989)	1,472	667	-	(245)	1,931	(1,696)	-	(2,508)	1,773
Total Revenue	176,724	148,448	130,512	-	311,711	432,485	34,536	-	105,158	139,291
Gain/(loss) on disposal	(512)	(187)	(21)	-	(12,713)	(14,059)	(292)	-	(494)	(242)
Other gains/(losses)	-	-	(770)	-	-	(253)	-	-	-	912
	(512)	(187)	(791)	-	(12,713)	(14,312)	(292)	-	(494)	670
Net result	(27,890)	(19,819)	33,407	-	(66,664)	(24,344)	(63,040)	-	(43,563)	(11,449)
Other comprehensive income										
Net increase / (decrease) in asset revaluation reserve	-	-	429	-	-	-	-	-	-	-
Superannuation actuarial gains/(losses)	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	429	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME	(27,890)	(19,819)	33,836	-	(66,664)	(24,344)	(63,040)	-	(43,563)	(11,449)

* The name and purpose of each service group is summarised in Note 5

** Appropriations are made on an entity basis and not to individual service groups. Consequently, appropriations must be included in the 'Not Attributable' column. Cluster grant funding is also unlikely to be attributable to individual service groups.

Department of Finance, Services and Innovation
Service Group Statements - Expenses and Revenue for the year ended 30 June (continued)

EXPENSES AND INCOME	Finance, Policy and Strategy*	Finance, Policy and Strategy*	Land & Property Information *	Land & Property Information *	State Revenue*	State Revenue*	Personnel Services*	Personnel Services*	Not Attributable	Not Attributable	Total	Total
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses excluding losses												
Operating Expenses												
• Employee related	-	8,854	100,804	102,531	146,343	138,268	172,997	212,152	-	-	729,267	727,567
• Other operating expenses	-	10,167	72,460	51,506	55,410	47,217	13,826	8,940	(7,025)	-	418,965	271,155
Depreciation and amortisation	-	156	21,112	19,674	14,100	13,061	-	-	-	-	187,116	188,434
Grants and subsidies	-	394	2,220	2,465	259,972	66,844	49,254	-	387,675	-	739,245	97,785
Finance costs	-	-	-	-	80	84	-	-	-	-	33,147	32,282
Book value of motor vehicles sold	-	-	-	-	-	-	-	-	-	-	99,630	115,337
Other expenses	-	(403)	3,325	(2,214)	4,119	(2,818)	(720)	-	-	-	171	6,325
Total Expenses excluding losses	-	19,168	199,921	173,962	480,024	262,656	235,357	221,092	380,650	-	2,207,541	1,438,885
Revenue **												
Recurrent appropriation	-	-	-	-	-	-	-	-	939,995	-	939,995	-
Capital appropriation	-	-	-	-	-	-	-	-	18,587	-	18,587	-
(Transfers to the Crown Entity)	-	-	(66,440)	(68,441)	68,584	-	-	-	-	5,253	(13,527)	(83,029)
Sale of goods and services	-	30	219,699	208,519	30,786	28,522	-	-	-	-	666,053	661,477
Personnel services revenue	-	-	-	-	-	-	154,696	239,914	-	-	154,696	239,914
Investment revenue	-	24	5	2,220	286	1,715	-	-	-	-	5,818	9,997
Retained taxes, fees and fines	-	-	2	-	139	147	-	-	-	-	189,016	71,607
Grants and contributions	-	13,153	145	9,467	191	254,564	224	42	-	-	52,591	383,523
Acceptance by the Crown Entity of employee benefits and other liabilities	-	-	4,532	-	9,443	-	-	-	8,556	11,659	23,631	11,659
Proceeds from sale of motor vehicles	-	-	-	-	-	-	-	-	-	-	115,982	126,688
Other revenue	-	126	5,242	773	9,664	2,836	(681)	-	-	-	9,454	8,911
Total Revenue	-	13,333	163,185	152,538	119,093	287,784	154,239	239,956	967,138	16,912	2,162,296	1,430,747
Gain/(loss) on disposal	-	(18)	(819)	(104)	(611)	(276)	-	-	-	-	(15,462)	(14,886)
Other gains/(losses)	-	-	(21)	58	-	-	-	-	(7,025)	-	(7,816)	717
	-	(18)	(840)	(46)	(611)	(276)	-	-	(7,025)	-	(23,278)	(14,169)
Net result	-	(5,853)	(37,576)	(21,470)	(361,542)	24,852	(81,118)	18,864	579,463	16,912	(68,523)	(22,307)
Other comprehensive income												
Net increase / (decrease) in asset revaluation reserve	-	-	507	-	-	-	-	-	2,503	-	3,439	-
Superannuation actuarial gains/(losses)	-	-	-	-	-	-	-	-	-	(64,803)	-	(64,803)
Total other comprehensive income	-	-	507	-	-	-	-	-	2,503	(64,803)	3,439	(64,803)
TOTAL COMPREHENSIVE INCOME/(LOSS)	-	(5,853)	(37,069)	(21,470)	(361,542)	24,852	(81,118)	18,864	581,966	(47,891)	(65,084)	(87,110)

* The name and purpose of each service group is summarised in Note 5

** Appropriations are made on an entity basis and not to individual service groups. Consequently, appropriations must be included in the 'Not Attributable' column. Cluster grant funding is also unlikely to be attributable to individual service groups

Department of Finance, Services and Innovation
Service Group Statements - Administered Expenses and Revenue for the year ended 30 June

ADMINISTERED EXPENSES AND INCOME	Land & Property Information* 2016 \$'000	Land & Property Information* 2015 \$'000	State Revenue* 2016 \$'000	State Revenue* 2015 \$'000	Fair Trading* 2016 \$'000	Fair Trading* 2015 \$'000	Total 2016 \$'000	Total 2015 \$'000
Administered Expenses	-	-	436,068	381,267	-	-	436,068	381,267
Total Administered Expenses	-	-	436,068	381,267	-	-	436,068	381,267
Administered Revenues								
Consolidated Fund								
Licences, taxes, fees and fines	-	-	25,487,083	22,897,442	-	-	25,487,083	22,897,442
Other	19	461	1,799,202	2,034,528	36,699	51,796	1,835,920	2,086,785
Total Administered Revenues	19	461	27,286,285	24,931,970	36,699	51,796	27,323,003	24,984,227
Administered Revenues less Expenses	19	461	26,850,217	24,550,703	36,699	51,796	26,886,935	24,602,960

* The name and purpose of each service group is summarised in Note 5.

Administered Assets and Liabilities are disclosed in Note 27.

Department of Finance, Services and Innovation
Service Group Statement - Assets and Liabilities as at 30 June

ASSETS AND LIABILITIES	Public Works* 2016 \$'000	Public Works* 2015 \$'000	Better Regulation* 2016 \$'000	Better Regulation* 2015 \$'000	Govt Services* 2016 \$'000	Govt Services* 2015 \$'000	Service Innovation & Strategy* 2016 \$'000	Service Innovation & Strategy* 2015 \$'000	Fair Trading* 2016 \$'000	Fair Trading* 2015 \$'000
Current Assets										
Cash and cash equivalents	16,804	15,817	76,157	-	76,593	89,116	9,305	-	252,783	233,589
Receivables	136,507	173,622	7,027	-	61,364	123,745	13,404	-	32,601	(6,609)
Inventories		29	-	-	3,201	3,613	-	-	-	37
Total Current Assets	153,311	189,468	83,184	-	141,158	216,474	22,709	-	285,384	227,017
Non Current Assets										
Receivables	-	-	-	-	-	-	-	-	-	-
Inventories	308	641	-	-	168	670	168	-	238	816
Property, plant and equipment	11,363	10,500	16,017	-	529,431	553,893	6,697	-	15,887	20,881
Intangible assets	2,651	2,518	1,062	-	5,995	29,967	16,530	-	15,200	15,721
Other	-	-	-	-	-	-	-	-	-	-
Total Non Current Assets	14,322	13,659	17,079	-	535,594	584,530	23,395	-	31,325	37,418
TOTAL ASSETS	167,633	203,127	100,263	-	676,752	801,004	46,104	-	316,709	264,435
Current Liabilities										
Payables	129,549	166,685	20,563	-	56,714	121,455	25,347	-	49,634	(5,510)
Borrowings	-	-	-	-	148,864	173,354	-	-	-	-
Provisions	49,953	51,786	26,586	-	3,564	14,889	6,961	-	14,135	16,383
Other	8,519	8,071	-	-	12,771	16,158	5,536	-	6,504	10,142
Total Current Liabilities	188,021	226,542	47,149	-	221,913	325,856	37,844	-	70,273	21,015
Non Current Liabilities										
Borrowings	-	-	-	-	378,667	367,640	-	-	-	-
Provisions	4,871	-	-	-	971	-	1,195	-	1,364	-
Other	788	(82)	473	-	429	(86)	429	-	608	(104)
Total Non Current Liabilities	5,659	(82)	473	-	380,067	367,554	1,624	-	1,972	(104)
TOTAL LIABILITIES	193,680	226,460	47,622	-	601,980	693,410	39,468	-	72,245	20,911
NET ASSETS	(26,047)	(23,333)	52,641	-	74,772	107,594	6,636	-	244,464	243,524

* The name and purpose of each service group is summarised in Note 5.

Department of Finance, Services and Innovation
Service Group Statement - Assets and Liabilities as at 30 June

ASSETS AND LIABILITIES	Finance, Policy and Strategy* 2016 \$'000	Finance, Policy and Strategy* 2015 \$'000	Land & Property Information* 2016 \$'000	Land & Property Information* 2015 \$'000	State Revenue* 2016 \$'000	State Revenue* 2015 \$'000	Personnel Services* 2016 \$'000	Personnel Services* 2015 \$'000	Total 2016 \$'000	Total 2015 \$'000
Current Assets										
Cash and cash equivalents	-	1,433	42,472	78,335	26,297	34,164	3,412	1,013	503,823	453,467
Receivables	-	(1,977)	12,653	3,076	4,992	(3,917)	19,561	67,299	288,109	355,239
Inventories	-	3	543	190	-	20	-	(2)	3,744	3,890
Total Current Assets	-	(541)	55,668	81,601	31,289	30,267	22,973	68,310	795,676	812,596
Non Current Assets										
Receivables	-	-	-	-	-	-	-	159,104	-	159,104
Inventories	-	58	362	687	294	409	-	-	1,538	3,281
Property, plant and equipment	-	890	18,271	104,658	22,094	18,792	-	(2)	619,760	709,612
Intangible assets	-	131	47,285	46,931	57,178	47,780	-	(1)	145,901	143,047
Other	-	-	9,633	9,633	-	-	-	-	9,633	9,633
Total Non Current Assets	-	1,079	75,551	161,909	79,566	66,981	-	159,101	776,832	1,024,677
TOTAL ASSETS	-	538	131,219	243,510	110,855	97,248	22,973	227,411	1,572,508	1,837,273
Current Liabilities										
Payables	-	(1,958)	9,957	600	6,698	(7,688)	18,046	10,456	316,508	284,040
Borrowings	-	-	-	-	-	-	-	-	148,864	173,354
Provisions	-	113	48,330	47,783	19,259	18,467	47,395	64,312	216,183	213,733
Other	-	724	45,297	45,714	8,214	5,573	340	2	87,181	86,384
Total Current Liabilities	-	(1,121)	103,584	94,097	34,171	16,352	65,781	74,770	768,736	757,511
Non Current Liabilities										
Borrowings	-	-	-	-	-	-	-	-	378,667	367,640
Provisions	-	-	1,155	-	1,516	-	655	845,105	11,727	845,105
Other	-	(8)	1,112	1,406	809	14	1	-	4,649	1,140
Total Non Current Liabilities	-	(8)	2,267	1,406	2,325	14	656	845,105	395,043	1,213,885
TOTAL LIABILITIES	-	(1,129)	105,851	95,503	36,496	16,366	66,437	919,875	1,163,779	1,971,396
NET ASSETS	-	1,667	25,368	148,007	74,359	80,882	(43,464)	(692,464)	408,729	(134,123)

* The name and purpose of each service group is summarised in Note 5.

DEPARTMENT OF FINANCE, SERVICES AND INNOVATION
Summary of Compliance with Financial Directives

	2016				2015			
	Recurrent		Capital		Recurrent		Capital	
	Appropriation \$'000	Net Claim on Consolidated Fund \$'000	Appropriation \$'000	Net Claim on Consolidated Fund \$'000	Appropriation \$'000	Net Claim on Consolidated Fund \$'000	Appropriation \$'000	Net Claim on Consolidated Fund \$'000
Original Budget Appropriation								
• Appropriation Act	815,349	791,702	28,987	18,587	-	-	-	-
	815,349	791,702	28,987	18,587	-	-	-	-
Other Appropriations / Expenditure								
• Transfer to/from another entity (per section 33 of the Appropriation Act)	118,293	118,293						
• Treasurer's advance	30,000	30,000						
	148,293	148,293	-	-	-	-	-	-
Total Appropriations / Expenditure / Net Claim on Consolidated Fund (includes transfer payments)	963,642	939,995	28,987	18,587	-	-	-	-
Amount drawn down against Appropriation	-	939,995	-	18,587	-	-	-	-
Liability to Consolidated Fund	-	-	-	-	-	-	-	-

The Summary of Compliance is based on the assumption that Consolidated Fund monies are spent first (except where otherwise identified or prescribed). The "Liability to Consolidated Fund" is the difference between the "Amount drawn down against Appropriation" and the "Total Expenditure / Net Claim on Consolidated Fund" including transfer payments (refer Note 17)).

In accordance with the Administrative Arrangements Order 2015, DFSI became a separate department effective 1 July 2015. The consolidated funding from Treasury previously recognised as 'Grant Revenue' are now recognised as 'Recurrent' and 'Capital' appropriations (Refer to Note 3(g)(ii)).

DEPARTMENT OF FINANCE, SERVICES AND INNOVATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Department of Finance, Services and Innovation (DFSI) is a NSW government entity. DFSI is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

DFSI as a reporting entity comprises the following major Divisions / Business Units:

- NSW Public Works
- NSW Fair Trading
- Better Regulation
- Services and Digital Innovation
- Land & Property Information
- Office of State Revenue
- Government and Corporate Services
- Personnel Services.

Effective 1 July 2015 the Administrative Arrangements Order 2015 changed the name of Office of Finance and Services to the Department of Finance, Services and Innovation. The Administrative Arrangements Order 2015 also transferred some responsibilities from other New South Wales government agencies to DFSI. This included:

- Transfer of persons employed in the Department of Planning and Environment to enable the Sydney Harbour Foreshore Authority to exercise its functions.
- Transfer of persons employed in the Department of Justice who are primarily involved in the administration of the Professional Standards Act 1994.
- Transfers of persons employed in the Department of Planning and Environment to enable Building Professionals Board to exercise its functions or who are principally involved in the administration of the Building Professionals Act 2005.
- Transfer of persons employed in the Department of Trade and Investments, Regional Infrastructure and Services who are principally involved in the administration of the Mine Subsidence Compensation Act 1961.
- Transfer of persons employed in the Department of Industry who are principally involved in the administration of the Charitable Fundraising Act 1991.

In addition to the above, the establishment of the State Insurance and Care Governance Act 2015, which commenced on 1 September 2015, resulted in the creation of three government organisations: Insurance & Care NSW (icare), State Insurance Regulatory Authority (SIRA) and SafeWork NSW. SIRA and SafeWork NSW are positioned within the DFSI Cluster.

Administered activities undertaken on behalf of the Crown Entity are consolidated in the Crown Entity accounts. Those undertaken on behalf of local councils and other public sector agencies are reported by the individual entities.

The financial statements for the year ended 30 June 2016 have been authorised for issue by the Secretary on 16 September 2016.

(b) Basis of Preparation

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

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

Property, plant and equipment and financial assets at "fair value through profit or loss" are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention, except where specified otherwise.

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

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

(c) Statement of Compliance

DFSI's financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Administered Activities

DFSI 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 entity's own objectives.

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

The accrual basis of accounting and applicable accounting standards and Crown Entity income recognition policies have been adopted.

(e) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with NSW Treasury's mandate to not-for profit NSW General Government Sector Entities.

(f) Insurance

DFSI'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 claims experience.

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

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

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

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

(h) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Parliamentary Appropriations and Contributions

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

Appropriations are not recognised as revenue in the following circumstances:

- “Equity appropriations” to fund payments to adjust a for-profit entity’s capital structure are recognised as equity injections (i.e. contribution by owners) on receipt and equity withdrawals on payment to a for-profit entity. The reconciliation between the Statement of Comprehensive Income, Statement of Summary of Compliance with Financial Directives and the total appropriations is disclosed in Note 3(a).
- Unspent appropriations are recognised as liabilities rather than revenue, as the authority to spend the money lapses and the unspent amount must be repaid to the Consolidated Fund.

The liability is disclosed in Note 17 as part of “Current/Non-Current Liabilities - Other”. The amount will be repaid and the liability will be extinguished next financial year. Any liability in respect of transfer payments is disclosed in Note 27 “Administered Assets and Liabilities”.

(ii) Sale of Goods

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

(iii) Rendering of Services

Revenue is recognised when the service is provided or by reference to the stage of completion.

Project and asset management fee revenue earned from the management and delivery of client funded building, engineering, maintenance and other service projects, has historically been recognised over the duration of the project, based on the progressive value of fee funded hours charged to the project by DFSI resources.

Fee income from property valuations, the supply of property information and the registration of land title documents and plans is recognised on completion of the service.

Motor vehicle leasing income includes lease fee and fleet management fee and is invoiced to client agencies on a monthly basis and is recognised as revenue in DFSI’s Statement of Comprehensive Income.

(iv) Investment Revenue

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

(i) Assets

(i) Acquisitions of Assets

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

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

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 item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

(ii) Capitalisation Thresholds

Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

(iii) Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*.

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.

DFSI's fair value of property, plant and equipment is based on a market participants' perspective, using the market approach and cost approach that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 11 and Note 13 for further information regarding fair value.

DFSI's land and buildings are revalued every three years. The last revaluation was completed on 30 June 2016 and was based on an independent assessment. Other non-current assets are assessed by management to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at the end of the reporting period.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as an approximation of fair value. DFSI has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated.

For other assets valued using other valuation techniques, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of assets, they are debited directly to the asset revaluation surplus.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation surplus in respect of that asset is transferred to accumulated funds.

(iv) Impairment of Property, Plant and Equipment

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

(v) Depreciation of Property, Plant and Equipment

Depreciation is provided for on a straight line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to DFSI.

All material separately identifiable component assets are recognised and depreciated over their shorter useful lives. Land is not a depreciable asset. The depreciation rates used for 2015/16 for each class of assets are:

Land and Buildings

Buildings and improvements	2.5%
----------------------------	------

Plant and Equipment

Mainframe computers	20.0% to 25.0%
Major computer systems	12.5% to 25.0%
Computer equipment	20.0% to 25.0%
Furniture and fittings	10.0%
Office equipment	14.0% to 20.0%

Motor vehicles	8.0% to 33.3%
----------------	---------------

Leasehold improvements	5.0% to 33.3%
------------------------	---------------

The depreciation rates remain unchanged from the previous financial year.

(vi) Major Inspection Costs

When a major inspection is performed, the labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

(vii) Restoration Costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

(viii) Maintenance

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

(ix) Leased Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and rewards.

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

(x) Intangible Assets

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

DFSI's intangible assets (computer software) are amortised using the straight line method over a period of 4 to 10 years. These rates remain unchanged from the previous year.

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

(xi) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost, or face value. Subsequent measurement is 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.

(xii) Inventories

Inventories held for distribution are stated at cost, adjusted when applicable, for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount. Inventories (other than those held for distribution) are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost or "first in first out" method.

The cost of inventories acquired at no cost or for nominal consideration is the current replacement cost as at the date of acquisition. Current replacement cost is the cost DFSI would incur to acquire the asset as at the end of the reporting period. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Motor vehicles held for sale are recognised as part of inventory (refer Note 9).

(xiii) Investments

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs. DFSI determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

- **Fair value through profit or loss** - DFSI subsequently measures investments classified as “held for trading” or designated upon initial recognition “at fair value through profit or loss” at fair value. Financial assets are classified as “held for trading” if they are acquired for the purpose of selling in the near term.
- **Held to maturity investments** - Non-derivative financial assets with fixed or determinable payments and fixed maturity that DFSI has the positive intention and ability to hold to maturity are classified as “held to maturity”. These investments are measured at amortised cost using the effective interest method. Changes are recognised in the Statement of Comprehensive Income when impaired, derecognised or through the amortisation process.
- **Available-for-sale investments** - Any investments that do not fall into any other category are accounted for as available-for-sale investments and measured at fair value. Gains or losses on available-for-sale investments are recognised in other comprehensive income until disposed or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the net result for the year. However, interest calculated using the effective interest method and dividends are recognised in the net result for the year.

Purchases or sales of investments under contract that require delivery of the asset within the timeframe established by convention or regulation are recognised on the trade date i.e. the date the entity commits itself to purchase or sell the asset.

The fair value of investments that are traded at fair value in an active market is determined by reference to quoted current bid prices at the close of business on the Statement of Financial Position date.

(xiv) Impairment of Financial Assets

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

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

When an available-for-sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the net result for the year, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. However, reversals of impairment losses on an investment in an equity instrument classified as “available-for-sale” must be made through the revaluation surplus. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(xv) **Derecognition of Financial Assets and Financial Liabilities**

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the agency transfers the financial asset:

- where substantially all the risks and rewards have been transferred; or
- where the agency has not transferred substantially all the risks and rewards, if the agency has not retained control.

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

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

(xvi) **Trust Funds**

DFSI receives monies in a trustee capacity for various trusts as set out in Note 26. As DFSI performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of DFSI’s own objectives, these funds are not recognised in the financial statements but are disclosed in Note 26.

(xvii) **Other Assets**

Other assets are recognised on a cost basis.

(j) Liabilities

(i) **Payables**

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

(ii) **Borrowings**

Loans are not held for trading or designated at fair value through profit or loss and are recognised at amortised cost using the effective interest method. Gains or losses are recognised in the net result for the year on de-recognition.

(iii) **Employee Benefits and Other Provisions**

(a) **Salaries and Wages, Annual Leave, Sick Leave and On-costs**

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 the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before 12 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.

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.

(b) Long Service Leave and Superannuation

Long service leave is measured at present value in accordance with *AASB 119 Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 15/09) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

Land and Property Information funds its own long service leave liability and makes payments out of its cash balances.

Long Service Leave and Superannuation Liabilities Assumed by the Crown Entity

DFSI's liabilities for long service leave for Fair Trading and Office of State Revenue are assumed by the Crown Entity.

Effective 1 July 2015 DFSI's liabilities for defined benefit superannuation for all entities are assumed by the Crown Entity.

DFSI 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 Funded by DFSI

Long service leave for the commercial activities of DFSI are funded by DFSI and are not assumed by the Crown Entity.

The cost of employee entitlements for long service leave, relating to the commercial operations of DFSI, with the exception of Land and Property Information, is met by the payment of a contribution based on salaries and wages to the Crown Entity. The payment is made into the "Non-Budget Sector Long Service Leave Pool Scheme" and leave taken is reimbursed from the Scheme.

(c) 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.

(iv) **Other Provisions**

Other provisions exist when DFSI has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Any provisions for restructuring are recognised only when an agency has a detailed formal plan and the agency has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

(k) **Fair Value Hierarchy**

A number of DFSI'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 Fair Value Measurement*, DFSI 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).

DFSI recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer Note 13 and Note 31 for further disclosures regarding fair value measurements of financial and non-financial assets.

(l) **Equity and Reserves**

(i) **Revaluation Surplus**

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the agency's policy on the revaluation of property, plant and equipment as discussed in Note 1(i)(iii).

(ii) **Accumulated Funds**

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

- (iii) Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards (e.g. asset revaluation surplus and foreign currency translation reserve).

(m) **Equity Transfers**

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs / functions and parts thereof between NSW public sector entities and "equity appropriations" (refer Note 1(h)(i)) are designated or required by Accounting Standards to be treated as contributions by owners and recognised as an adjustment to "Accumulated Funds". This treatment is consistent with *AASB 1004 Contributions and Australian Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure between not-for-profit and for-profit government departments are recognised at the amount at which the asset was recognised by the transferor Government department immediately prior to the restructure. In most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, DFSI recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, DFSI does not recognise that asset.

(n) Work in Progress

The amounts due from customers for contract work are disclosed as an asset and the amount due to customers for contract work as a liability. Accordingly, amounts due from customers is shown as Work in Progress in Current Assets and amount due to customers is shown as Advance Claims in Current Liabilities.

(o) 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 are explained in Note 23.

(p) Comparative Information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous reporting period 30 June 2015 for all amounts reported in the financial statements.

(q) Changes in Accounting Policy, Including New or Revised Australian Accounting Standards

(i) Effective for the first time in 2015/16

The accounting policies applied in 2015/16 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have been applied for the first time in 2015-16:

- *AASB 2013-9 (Part C), AASB 2014-1 (Part E) and AASB 2014-8 regarding amendments to AASB 9 Financial Instruments*

AASB 2013-9 (Part C), AASB 2014-1 (Part E) and AASB 2014-8 amend AASB 9 Financial Instruments. AASB 9 is applicable for annual reporting periods beginning on or after 1 January 2018. Early adoption is not permitted under NSW TC 15/03 Mandates of Options and Major Policy Decisions under Australian Accounting Standards.

- *AASB 2015-3 regarding withdrawal of AASB 1031 Materiality*

This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing AASB 1031 to effectively be withdrawn.

- *AASB 2015-4 regarding amendments to AASB 128 Investments in Associates and Joint Ventures relating to financial reporting requirements for Australian groups with a foreign parent*

This Standard amends AASB 128 to only require the ultimate Australian entity to apply the equity method in accounting for interests in associates or joint ventures, if either the entity or the group, or both the entity and group are reporting entities.

As NSW government reporting entities do not have a foreign parent, AASB 2015-4 does not have a material impact on NSW government agencies. AASB 128 will now only require the ultimate Australian entity to apply the equity method in accounting for interests in associates or joint ventures, if either the entity or the group, or both the entity and group are reporting entities.

As directorates and territory authorities do not have a foreign parent and this standard does not have a material financial impact on them.

The implementation of the above standards did not have an impact on DFSI's financial statements.

(ii) *Issued but Not Yet Effective*

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Accounting Standards/Interpretations have been issued but are not yet effective:

- AASB 9 and AASB 2014-7 regarding financial instruments
- AASB 15, AASB 2014-5 and AASB 2015-8 regarding Revenue from Contracts with Customers
- AASB 1057 and AASB 2015-9 Application of Australian Accounting Standards
- AASB 2014-3 regarding accounting for acquisitions of interests in joint operations
- AASB 2014-4 regarding acceptable methods of depreciation and amortisation
- AASB 2014-9 regarding equity method in separate financial statements
- AASB 2014-10 and AASB 2015-10 regarding sale or contribution of assets between and investor and its associate or joint venture
- AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle
- AASB 2015-2 regarding amendments to AASB 101 (disclosure initiative)
- AASB 2015-5 *Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception*
- AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities*
- AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*

NSW Treasury has issued a mandate stating that entities may elect to early adopt AASB 2015-7, Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities. AASB 2015-7, applicable for reporting periods beginning on or after 1 July 2016, relieves not-for-profit public sector entities from making certain disclosures for Level 3 property, plant and equipment that are held primarily for their current service potential rather than to generate future net cash inflows. As DFSI holds no Level 3 Non-Financial Assets it has elected not to early adopt AASB 2015-7.

It is considered that the implementation of these Standards will not have a material impact on DFSI's financial statements.

2. EXPENSES EXCLUDING LOSSES

(a) Employee Related Expenses

	2016 \$'000	2015 \$'000
Salaries and wages (including annual leave)	556,182	562,002
Superannuation - defined benefit plans	18,980	38,041
Superannuation - defined contribution plans	36,641	43,511
Long service leave	31,041	28,059
Workers' compensation insurance	746	5,521
Payroll tax and fringe benefits tax	37,319	36,193
Voluntary redundancy	48,358	14,240
	729,267	727,567

Employee related expenses of \$7.4 million (2015: \$7.8 million) have been capitalised in various capital works and therefore are excluded from the above.

(b) Other Operating Expenses

	2016 \$'000	2015 \$'000
Auditor's remuneration		
- audit of the financial statements	1,324	1,341
Cost of sales	47,551	36,797
Advertising	1,308	446
Bad debt expense	1,185	87
Operating lease rental expense - minimum lease payments	33,712	31,859
Maintenance	9,847	5,609
Insurance	1,919	1,789
Valuation services contractors	25,878	22,791
Fees and charges	127,223	50,389
Postage and telephone	6,424	6,598
Printing, stationery and stores	9,077	8,552
Consultants	13,273	5,216
Other contractors	61,377	42,091
Books and periodicals	1,094	1,060
Travel and motor vehicle expenses	6,980	3,445
Computer expenses	39,608	41,482
Minor equipment	1,244	963
Training	4,219	3,752
Other	25,722	6,888
	418,965	271,155

Reconciliation - Total Maintenance

Maintenance expenses - contracted labour and other (non-employee related), as above	9,847	5,609
Personnel services related maintenance expense included in Note 2(a)	-	-
Total maintenance expenses included in Note 2(a) + 2(b)	9,847	5,609

(c) Depreciation and Amortisation Expense

	2016 \$'000	2015 \$'000
Depreciation		
- Buildings	762	445
- Plant and equipment	17,447	19,063
- Motor vehicles	128,986	131,110
- Leasehold improvements	5,917	4,364
	153,112	154,982
Amortisation		
- Intangible assets	34,004	33,452
Total depreciation and amortisation	187,116	188,434

(d) Grants and Subsidies

	2016	2015
	\$'000	\$'000
Tenancy Advice and Advocacy Program	6,984	2,300
Grants to Government Property NSW	26,241	-
Grants to Teacher Housing Authority	5,868	-
Grants to State Records Authority	908	-
Grants to Service NSW	387,675	-
Grants to Sydney Harbour Foreshore Authority	13,917	-
Jobs Action Plan Payroll Tax Rebates	257,554	64,088
Heritage Building Program Grant	6,392	6,237
Natural Disaster Relief Grant	12,144	18,478
Other Grants	21,562	6,682
	739,245	97,785

(e) Finance Costs

	2016	2015
	\$'000	\$'000
Interest on borrowings	33,147	32,282

(f) Book Value of Motor Vehicles Sold

	2016	2015
	\$'000	\$'000
Book value of StateFleet motor vehicles sold	99,630	115,337

(g) Other Expenses

	2016	2015
	\$'000	\$'000
Compensation fund payments	-	5,966
Other minor expenses	171	359
	171	6,325

3. REVENUE

(a) Appropriations

	2016	2015
	\$'000	\$'000
Recurrent appropriations		
Total recurrent draw-downs from NSW Treasury (per Summary of Compliance)	939,995	-
Less: Liability to Consolidated Fund (per Summary of Compliance)	-	-
	939,995	-

Comprising:

Recurrent appropriations (per Statement of Comprehensive Income)	939,995	-
--	----------------	----------

	2016	2015
	\$'000	\$'000
Capital appropriations		
Total capital draw-downs from NSW Treasury (per Summary of Compliance)	18,587	-

Comprising:

Capital appropriations (per Statement of Comprehensive Income)	18,587	-
--	---------------	----------

(b) Transfers to Crown Entity

	2016	2015
	\$'000	\$'000
Land and Property Information	(66,440)	(68,841)
NSW Public Works and StateFleet	-	(5,396)
Return of additional procurement management fee	-	(5,507)
Expenditure Review Committee approved program funding	-	11,160
	(66,440)	(68,584)
StateFleet Motor Vehicle Reserve	(15,671)	(14,445)
Prior year contribution retained from Crown ¹	68,584	-
	(13,527)	(83,029)

A contribution of \$66.440 million (2015: \$68.584 million) from the operating surpluses of non-budget funded business units of DFSI for the current financial year has been agreed with the Crown Entity (refer to Note 17).

¹ This relates to the Treasurer's letter to DFSI to retain the declared contribution for 2015 of \$68.584 million in the current financial year as funds for Office of State Revenue to meet the Payroll Tax Rebate Scheme costs as part of the \$100 million funding of the increase in expenditure.

(c) Sale of Goods and Services

	2016	2015
	\$'000	\$'000
Mapping, spatial, surveying and related services	3,280	3,394
Project and asset management services	134,299	131,998
Titling	193,059	183,216
Valuation	21,871	21,224
Procurement Management Fee	6,756	11,120
Facilities Management Fee	6,892	7,422
Penalty notice fees	27,075	24,830
Business services fee	14,156	36,323
Motor vehicle leasing	182,133	184,225
Administrative assistance	27,313	27,263
Other goods and services	49,219	30,462
	666,053	661,477

(d) Personnel Services Revenue

	2016	2015
	\$'000	\$'000
NSW Government Telecommunications Authority	3,829	3,406
Teacher Housing Authority	1,859	1,742
State Records Authority	12,511	15,023
Government Property NSW	25,316	18,893
State Insurance Regulatory Authority	44,474	-
Board of Surveying and Spatial Information	287	334
Waste Assets Management Corporation	4,008	5,086
Safety, Return to Work and Support	31,777	189,807
Sydney Harbour Foreshore Authority	23,705	-
Building Professionals Board	2,513	-
Mine Subsidence Board	3,475	-
NSW Self Insurance Corporation	942	5,484
Building Insurers' Guarantee Corporation	-	139
	154,696	239,914

(e) Investment Revenue

	2016	2015
	\$'000	\$'000
Interest on investments	347	1,706
Interest on bank accounts	5,471	8,291
	5,818	9,997

(f) Retained Taxes, Fees and Fines

	2016	2015
	\$'000	\$'000
Statutory Interest	48,078	48,872
Nominal Insurer Contributions (i)	107,555	-
Building Licensing Fees	13,766	9,614
Owner Builder Permit Fees	1,408	1,564
Plumbing Inspection Fees	9,851	7,771
Motor Dealers Compensation Fees	1,919	1,670
Other fees, fines and penalties	6,439	2,116
	189,016	71,607

- (i) The operations of SafeWork are principally funded from the Nominal Insurer. Each year, under Section 35 (1)(a1) of the *Workplace Injury Management and Workers Compensation Act 1998*, the Minister approves the payment of amounts from the Workers Compensation Insurance Fund having regard to the budget of SafeWork. This payment is made monthly to reflect cash requirements of SafeWork provided the approved amount is not exceeded.

(g) Grants and Contributions

	2016	2015
	\$'000	\$'000
Voluntary Redundancy Grants (i)	36,178	10,615
NSW Treasury Grants (ii)	-	354,430
Natural Disaster Relief Grants	12,557	18,478
Other	3,856	-
	52,591	383,523

- (i) Treasury's funding for DFSI voluntary redundancies.
- (ii) Effective 1 July 2015, the Administrative Arrangements Order 2015 changed the name of Office of Finance and Services to the Department of Finance, Services and Innovation. The consolidated funding from Treasury previously recognised as 'Grants and Contributions' is now recognised as 'Recurrent' and 'Capital' appropriations, as per Note 3(a).

(h) Acceptance by the Crown Entity of Employee Benefits and Other Liabilities

The following liabilities and/or expenses have been assumed by the Crown Entity or other government entities:

	2016	2015
	\$'000	\$'000
Superannuation - defined benefit	14,227	3,697
Long service leave	8,709	7,758
Payroll tax	695	204
	23,631	11,659

(i) Proceeds of Sale of Motor Vehicle Inventory

	2016	2015
	\$'000	\$'000
Gross proceeds of sale of motor vehicles	118,849	129,821
Less: Selling costs	(2,867)	(3,133)
	115,982	126,688

(j) Other Revenue

	2016	2015
	\$'000	\$'000
Bad debts recovered	-	557
Commissions on payroll deductions collected	9	16
Credit card surcharge fees	-	1,617
Other	9,445	6,721
	9,454	8,911

4. (a) GAIN/(LOSS) ON DISPOSAL

	2016	2015
	\$'000	\$'000
Gain/(loss) on disposal of property, plant & equipment and intangibles (other than StateFleet Motor Vehicles):		
Proceeds from disposal	(200)	111
Written down value of assets disposed/write off	(15,262)	(14,997)
Net gain/(loss) on disposal of property, plant & equipment and intangibles (other than StateFleet Motor Vehicles)	(15,462)	(14,886)

(b) OTHER GAINS/(LOSSES)

Increase in allowance for impairment		
Sale of goods and services	(5,993)	(195)
Retained taxes, fees, fines and Other	(1,823)	912
Net other gains/(losses)	(7,816)	717

5. SERVICE GROUPS OF THE DEPARTMENT OF FINANCE, SERVICES AND INNOVATION

(i) Fair Trading

This service group covers fair trading policy development and regulatory review, provision of information to consumers and traders and enforcement of compliance with fair trading laws.

(ii) Public Works

This service group provides expert advice and professional services in the commissioning, design, delivery and management of community infrastructure and environmental projects. It also supports local communities experiencing emergency or natural disaster through Engineering Emergency Management response and the Natural Disaster Relief and Recovery Arrangement scheme.

(iii) Government Services

This service group is responsible for providing services to NSW Government agencies in the areas of procurement, fleet and information technology. In addition, this service group supports agencies in expenditure savings and improving service delivery, and delivers whole-of-government information technology solutions.

(iv) Service Innovation and Strategy

This service group drives whole-of-government strategies to achieve better value service delivery across the sector. Reform areas include government services, information and communications technology, data analytics, digital services, procurement and construction policy. In addition, this service group oversees enterprise performance and portfolio management for the Department and whole-of-government reforms.

(v) State Revenue

This service group covers revenue administration services, fines management, debt management, benefit administration services, and the provision of relevant information and education to ensure people are aware of their liabilities and entitlements. This service group also covers the implementation of targeted compliance programs to ensure tax is properly paid and all unpaid tax and fine liabilities are recovered.

(vi) Land and Property Information

This service group covers the provision of land titling, valuation, surveying, mapping and integrated spatial information services to the community, business and the Government.

(vii) Personnel Services

This service group provides personnel services to selected agencies. Agencies include Government Property NSW, Teacher Housing Authority of New South Wales, State Records Authority of New South Wales, Waste Assets Management Corporation, the Board of Surveying and Spatial Information, NSW Self Insurance Corporation, Building Insurers' Guarantee Corporation, New South Wales Government Telecommunications Authority, Motor Accidents Authority of New South Wales, WorkCover Authority, Workers' Compensation (Dust Diseases) Board, Lifetime Care and Support Authority, Workers' Compensation Commission, the WorkCover Independent Review Officer and Sydney Harbour Foreshore Authority.

(viii) Better Regulation

This service group covers the regulatory bodies for motor accidents, workers' compensation and home building compensation insurance and for workplace safety. This group also delivers a new regulatory operating model that will make it easier for businesses to interact with government, reduce duplication and provide high quality regulatory services that protects communities, workplaces and consumers. This services group started on 1 September 2015.

(ix) Finance, Policy and Strategy

This service group covered the development of government ICT, procurement and construction policy and administration of the Office of Finance. This Service Group was replaced by Service Innovation and Strategy in 2015-16.

6. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2016	2015
	\$'000	\$'000
Cash at bank and on hand	231,315	209,485
Motor vehicle reserve (refer Note 7)	28,180	26,882
Special purpose funds (refer Note 26)	244,328	217,100
	503,823	453,467

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, motor vehicle reserve and special purpose funds.

Cash assets recognised in the Statement of Financial Position are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows as follows:

Cash and cash equivalents (per Statement of Financial Position)	503,823	453,467
Closing cash and cash equivalents (per Statement of Cash Flows)	503,823	453,467

Refer to Note 31 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. RESTRICTED ASSETS

	2016 \$'000	2015 \$'000
Motor vehicle reserve	28,180	26,882

The purpose of Motor vehicle reserve is to manage the residual risk of the fleet. The deposits from StateFleet are generally risk fees, overdue penalties and excess kilometre charges from client agencies. The Reserve Account target balance is \$10 million with an operating range of plus or minus \$10 million. Any Reserve Account funds in excess of \$20 million as at 31 December and 30 June are paid to Crown Entity. DFSI has recognised \$8.2 million as a liability as at 30 June 2016 (30 June 2015: \$6.8 million).

8. CURRENT / NON-CURRENT ASSETS - RECEIVABLES

	2016 \$'000	2015 \$'000
Current		
Accrued bank interest	3,324	3,965
Long service leave reimbursable by the Crown Entity	50,453	47,989
Work in Progress (i)	118	10,118
Employee provisions recoverable from other agencies	1,714	1,647
Accrued income	24,429	36,090
Personnel Services receivable	14,056	67,299
Prepayments	9,111	5,419
Other	30,271	17,297
	133,476	189,824
Sale of goods and services	141,107	164,352
Less: Allowance for impairment	(6,036)	(331)
	135,071	164,021
Retained taxes, fees and fines	37,697	15,651
Less: Allowance for impairment	(19,093)	(14,257)
	18,604	1,394
Other	958	-
	958	-
Total Current Receivables	288,109	355,239
Non-current		
Personnel Services receivable	-	159,104
Total Non-current Receivables	-	159,104

Movement in the allowance for impairment

	2016 \$'000	2015 \$'000
<u>Sale of goods and services - allowance for impairment</u>		
Balance at beginning of year	331	533
Amounts written off	(51)	(77)
Amounts recovered	(233)	(320)
Increase/(decrease) in allowance recognised in profit or loss	5,989	195
Balance at end of year	6,036	331

	2016 \$'000	2015 \$'000
<u>Retained taxes, fees and fines - allowance for impairment</u>		
Balance at beginning of year	14,257	15,169
Amounts transferred in due to administrative restructure	3,011	-
Increase/(decrease) in allowance recognised in profit or loss	1,825	(912)
Balance at end of year	19,093	14,257

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 31.

(i) Work in Progress

DFSI acts as the principal in contracts for construction works undertaken for clients. The role of DFSI includes the payment of contractors on the clients' behalf.

Work in Progress represents the cost of all works in progress less progress billings to clients and is net of a provision for uncollectable work in progress of \$3.9 million (30 June 2015: \$1.2 million). At 30 June 2016, work in the ground was valued at \$45.4 million (30 June 2015: \$88.3 million) and this accrual is reflected in current liabilities (refer Note 14).

The contract conditions allow DFSI to require performance bonds from the contractors in the form of cash deposit, unconditional bank guarantee or insurance bonds to cover DFSI against losses that may arise from uncompleted or faulty jobs.

The amounts due from customers for contract work are disclosed as an asset (Work in Progress) and the amount due to customers for contract work as a liability (Advance Claim). Gross Work in Progress and billings to date are as follows:

	2016	2015
	\$'000	\$'000
Gross work in progress at end of year	697,497	883,883
Billings to date	(693,483)	(872,565)
Net work in progress	4,014	11,318
Allowance for uncollectable work in progress	(3,896)	(1,200)
Work in progress as per Statement of Financial Position	118	10,118

Under the security of payment legislation, General Conditions of Contract AS 2124 and GC21 contracts, there are specific conditions relating to the payment of contractor claims for work completed. Penalties for failure to adhere to these conditions include payment of interest. To ensure contractual payment obligations are met, agreements have been made for major clients to pay according to a monthly cash flow determined on the basis of client funds being lodged in DFSI's bank account to facilitate the payment of contractors' claims. The advances received from clients are disclosed as a liability. Cash received against advance claims is \$10.580 million as at 30 June 2016 (30 June 2015: \$14.570 million).

Advance claims shown in the Statement of Financial Position as a current liability are as follows:

	2016	2015
	\$'000	\$'000
Advance Claims as per Statement of Financial Position (refer Note 14)	10,580	14,570

9. CURRENT / NON-CURRENT ASSETS - INVENTORIES

	2016	2015
	\$'000	\$'000
Current		
Finished goods held for distribution - at cost	543	308
Motor vehicle inventory held for resale (refer Note 1(i)(xii))	3,201	3,582
	3,744	3,890
Non-current		
Finished goods held for distribution - at cost	1,538	3,281

10. NON-CURRENT ASSETS - OTHER

	2016	2015
	\$'000	\$'000
Non-Current Assets		
Investments (i) & (ii)	9,633	9,633

- (i) DFSI represents the NSW Government on the Board of Public Sector Mapping Authority Ltd (PSMA). DFSI holds one share, but does not have control or significant influence on the policy and operations of PSMA Ltd. The Investment is disclosed at the cost of one dollar.
- (ii) DFSI holds 8,915,423 (30 June 2015: 8,915,423) ordinary shares in the capital of Property Exchange Australia Limited (formerly known as National E Conveyancing Development Limited) on behalf of the State of New South Wales, but does not have control or significant influence on the policy and operations of National E-Conveyancing Development Limited. The investment of \$9.6 million (30 June 2015: \$9.6 million) is recognised at cost.

11. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Leasehold Improvements \$'000	Total \$'000
Fair value					
At 1 July 2015					
Gross carrying amount	103,779	174,809	737,426	60,792	1,076,806
Accumulated depreciation and impairment	(1,452)	(123,361)	(212,373)	(30,008)	(367,194)
Net carrying amount	102,327	51,448	525,053	30,784	709,612
30 June 2016					
Gross carrying amount	38,337	130,586	735,456	68,425	972,804
Accumulated depreciation and impairment	(1,308)	(98,182)	(216,643)	(36,911)	(353,044)
Net carrying amount	37,029	32,404	518,813	31,514	619,760

Reconciliation

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

30 June 2016	Land and Buildings \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Leasehold Improvements \$'000	Total \$'000
Net carrying amount at beginning of year	102,327	51,448	525,053	30,784	709,612
Additions	800	10,245	224,377	9,091	244,513
Assets transferred in due to administrative restructure	13,862	1,237	-	1,365	16,464
Transfer out (other Agencies)	(78,678)	(8,937)	-	-	(87,615)
Transfers to Motor Vehicle Inventory	-	-	(101,631)	-	(101,631)
Reclassification of Assets Under Construction	-	(1,017)	-	(2,090)	(3,107)
Revaluation/(devaluation)	(490)	3,929	-	-	3,439
Depreciation expense	(762)	(17,447)	(128,986)	(5,917)	(153,112)
Disposals	(30)	(4,995)	-	(1,719)	(6,744)
Write-offs	-	(2,059)	-	-	(2,059)
Net carrying amount at end of year	37,029	32,404	518,813	31,514	619,760

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 13.

	Land and Buildings \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Leasehold Improvements \$'000	Total \$'000
Fair value					
At 1 July 2014					
Gross carrying amount	102,276	164,232	734,860	60,843	1,062,211
Accumulated depreciation and impairment	(1,007)	(106,917)	(215,142)	(26,824)	(349,890)
Net carrying amount	101,269	57,315	519,718	34,019	712,321
30 June 2015					
Gross carrying amount	103,779	174,809	737,426	60,792	1,076,806
Accumulated depreciation and impairment	(1,452)	(123,361)	(212,373)	(30,008)	(367,194)
Net carrying amount	102,327	51,448	525,053	30,784	709,612

Reconciliation

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

30 June 2015	Land and Buildings \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Leasehold Improvements \$'000	Total \$'000
Net carrying amount at beginning of year	101,269	57,315	519,718	34,019	712,321
Additions	1,503	20,302	251,574	2,012	275,391
Transfers to Motor Vehicle Inventory	-	-	(114,873)	-	(114,873)
Disposals	-	(35)	-	(138)	(173)
Depreciation expense	(445)	(19,063)	(131,110)	(4,364)	(154,982)
Reclassifications	-	1,320	(256)	1,543	2,607
Write-offs	-	(8,391)	-	(2,288)	(10,679)
Net carrying amount at end of year	102,327	51,448	525,053	30,784	709,612

12. INTANGIBLE ASSETS

	Software \$'000
At 1 July 2015	
Cost (gross carrying amount)	425,081
Accumulated amortisation and impairment	(282,034)
Net carrying amount	143,047

At 30 June 2016	
Cost (gross carrying amount)	413,057
Accumulated amortisation and impairment	(267,156)
Net carrying amount	145,901

Reconciliation

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

	Software \$'000
Year ended 30 June 2016	
Net carrying amount at start of year	143,047
Assets transferred in from administrative restructure	2,083
Additions – Internally generated	40,807
Additions – Externally acquired	8,019
Disposals	(2,185)
Amortisation	(34,004)
Write-offs	(4,272)
Reclassification of Assets Under Construction	(7,594)
Net carrying amount at end of year	145,901

	Software \$'000
At 1 July 2014	
Cost (gross carrying amount)	404,307
Accumulated amortisation and impairment	(266,285)
Net carrying amount	138,022

At 30 June 2015	
Cost (gross carrying amount)	425,081
Accumulated amortisation and impairment	(282,034)
Net carrying amount	143,047

Reconciliation

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

	Software \$'000
Year ended 30 June 2015	
Net carrying amount at start of year	138,022
Additions	37,870
Amortisation	(33,452)
Reclassifications	4,586
Write-offs	(3,979)
Net carrying amount at end of year	143,047

13. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

(i) Fair Value Hierarchy

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, DFSI has classified its non-financial assets into the three levels prescribed under "AASB 13 Fair Value Measurements".

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2016				
Land	-	26,400	-	26,400
Buildings	-	10,629	-	10,629
Net carrying amount	-	37,029	-	37,029
30 June 2015				
Land	-	43,853	-	43,853
Buildings	-	58,474	-	58,474
Net carrying amount	-	102,327	-	102,327

There were no transfers between Level 1 or 2 during the year (2015: Nil).

(ii) Valuation techniques used to determine Level 2 and Level 3 Fair Values

DFSI obtains independent valuations for its land and buildings every three years. The last revaluation was completed on 30 June 2016.

At the end of each reporting period, DFSI updates its assessment of the fair value of its land and buildings, taking into account the most recent independent valuation.

The fair value of DFSI's land and buildings is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where such information is not available, the asset's fair value is measured at the market buying price, the best indicator of which is depreciated replacement cost. The level 2 fair value of land and buildings has been derived using the market approach. The key inputs under this approach are from the sales of comparable land and buildings in the area.

14. CURRENT LIABILITIES - PAYABLES

	2016 \$'000	2015 \$'000
Accrued salaries, wages and on-costs	9,582	25,690
Creditors	214,264	133,416
Advance claims (refer Note 8(i))	10,580	14,570
Amounts due to contractors for work in progress (refer Note 8(i))	45,409	88,298
Prepaid income	21,711	17,677
Other	14,962	4,389
	316,508	284,040

Refer Note 31 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

15. CURRENT / NON-CURRENT LIABILITIES - BORROWINGS

	2016	2015
	\$'000	\$'000
Current Liabilities		
TCorp borrowings	148,864	173,354
Non-Current Liabilities		
TCorp borrowings	378,667	367,640
Total Borrowings	527,531	540,994

DFSI has a loan facility with TCorp with a limit of \$650 million (30 June 2015: \$650 million) to fund the StateFleet Leasing Arrangement. Each month funds are drawn from this facility to cover the purchase price of motor vehicles purchased during the previous month. Monthly settlement of principal and interest are made in respect of loan funds drawn down in prior months based on repayment schedules calculated according to individual vehicle lease terms, residuals and capital costs. The monthly settlement also includes repayment of outstanding principal for vehicles disposed of during the preceding month. Borrowings are recognised at amortised cost using the effective interest method in AASB 139 *Financial Instruments: Recognition and Measurement*.

Out of this facility, \$528 million was utilised as at 30 June 2016 (30 June 2015: \$541 million).

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 31.

16. CURRENT / NON-CURRENT LIABILITIES - PROVISIONS

	2016	2015
	\$'000	\$'000
Current		
Employee benefits and related on-costs		
Annual leave	45,276	49,860
Long service leave	124,372	119,518
Other on-costs	35,142	32,609
	204,790	201,987
Other Provisions		
Provision for outstanding claims	4,661	5,531
Make good provisions	6,732	6,215
	11,393	11,746
Total Current Provisions	216,183	213,733
Non-current		
Defined Benefit Superannuation Schemes (Note 18)	-	839,500
Long service leave	4,271	5,605
Make good provisions	7,456	-
Total Non-current Provisions	11,727	845,105
Total Provisions	227,910	1,058,838

	2016	2015
	\$'000	\$'000
Aggregate employee benefits and related on-costs		
Provisions	205,074	206,294
Accrued salaries, wages and on-costs (Note 14)	12,000	25,536
	217,074	231,830

Employee benefits expected to be settled within 12 months from reporting date

Annual leave	43,488	47,826
Long service leave	10,914	8,862
	54,402	56,688

Employee benefits expected to be settled in more than 12 months from reporting date

Annual leave	1,788	2,034
Long service leave	113,458	110,656
	115,246	112,690

Movements in provisions (other than employee benefits)

Movements in each class of provision during the year, other than employee benefits, are set out below:

Provision for outstanding claims

Carrying amount as at beginning of year	5,531	5,782
Increase/(decrease) in provision from remeasurement	(870)	(251)
Carrying amount at end of year	4,661	5,531

Other provisions

Carrying amount as at beginning of year	6,215	5,978
Increase/(decrease) in provision from remeasurement	517	237
Carrying amount at end of year	6,732	6,215

17. CURRENT / NON-CURRENT LIABILITIES - OTHER

	2016	2015
	\$'000	\$'000
Current		
Contribution to Crown Entity	66,440	68,584
First Home Owners Grant Scheme	-	495
Lease Incentive Liability	4,592	49
Torrens Assurance Fund and Ad Valorem Levy	6,105	4,708
Other	10,044	12,548
	87,181	86,384
Non-Current		
Lease Incentive Liability	3,579	(306)
Other	1,070	1,446
	4,649	1,140

18. DEFINED BENEFIT SUPERANNUATION SCHEMES

As at 30 June 2016

As part of the 2016 budget process NSW Treasury and DFSI agreed to the transfer of the net liability of defined benefit superannuation schemes held as at 1 July 2015. The value of the liability that was transferred was \$856 million (see Note 19). The proposed transfer of liability is consistent with current policy to consolidate and centrally manage General Government sector employee liabilities within the Crown and was approved by the Treasurer on 29 June 2015.

As at 30 June 2015

Fund Information

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); and
- 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.

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 Scheme 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 review of the Pooled Fund is performed every three years. The last actuarial review was performed at 30 June 2012.

Responsibilities of Trustee

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; and
- Compliance with other applicable regulations.

Risk Exposure

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 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.

Reconciliation of the Net Defined Benefit Liability/(Asset)

A summary of assets and liabilities recognised in the Statement of Financial Position is as follows:

30 June 2015	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Net Defined Benefit Liability/(Asset) at beginning of year	52,535	8,863	680,695	742,093
Current service cost	6,960	2,480	5,520	14,960
Net Interest on the net defined benefit liability/(asset)	1,820	299	24,219	26,338
Actual return on Fund assets less Interest income	(14,709)	(3,443)	(110,751)	(128,903)
Actuarial (gains)/losses arising from changes in demographic assumptions	(117)	(19)	867	731
Actuarial (gains)/losses arising from changes in financial assumptions	8,614	2,177	185,401	196,192
Actuarial (gains)/losses arising from liability experience	(30)	(1,127)	(2,060)	(3,217)
Employer contributions	(3,105)	(1,026)	(4,563)	(8,694)
Net Defined Benefit Liability/(Asset) at end of year	51,968	8,204	779,328	839,500

Reconciliation of the Fair Value of Fund Assets

A reconciliation of the fair value of fund assets for the financial year is as follows:

30 June 2015	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Fair value of Fund assets at beginning of year	186,559	46,685	1,392,779	1,626,023
Interest income	6,438	1,603	48,400	56,441
Actual return on Fund assets less Interest income	14,709	3,443	110,751	128,903
Employer contributions	3,106	1,024	4,564	8,694
Contributions by participants	2,929	-	4,792	7,721
Benefits paid	(17,144)	(7,944)	(81,037)	(106,125)
Taxes, premiums & expenses paid	2,537	649	9,215	12,401
Fair value of Fund assets at end of year	199,134	45,460	1,489,464	1,734,058

Reconciliation of the Present Value of the Defined Benefit Obligations

A reconciliation of the present value of the defined benefit obligation for the financial year is as follows:

30 June 2015	SASS	SANCS	SSS	Total
	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligations/liabilities at beginning of year	239,094	55,548	2,073,474	2,368,116
Current service cost	6,960	2,479	5,521	14,960
Interest cost	8,258	1,900	72,620	82,778
Contributions by participants	2,930	-	4,792	7,722
Actuarial (gains)/losses arising from changes in demographic assumptions	(117)	(19)	867	731
Actuarial (gains)/losses arising from changes in financial assumptions	8,614	2,177	185,401	196,192
Actuarial (gains)/losses arising from liability experience	(30)	(1,125)	(2,062)	(3,217)
Benefits paid	(17,144)	(7,944)	(81,037)	(106,125)
Taxes, premiums & expenses paid	2,538	648	9,215	12,401
Present value of defined benefit obligations/liabilities at end of year	251,103	53,664	2,268,791	2,573,558

Fair Value of Fund Assets

All Pooled Fund assets are invested by Superannuation Trustee Corporation at arm's length through independent fund managers and assets are not separately invested for each entity. As such, the disclosures below relate to total assets of the Pooled Fund.

As at 30 June 2015

Asset Category	Total (A\$'000)	Quoted prices in active markets for identical assets Level 1 (A\$'000)	Significant observable inputs Level 2 (A\$'000)	Unobservable inputs Level 3 (A\$'000)
Short Term Securities	2,641,516	95,603	2,545,913	-
Australian Fixed Interest	2,656,598	958	2,638,759	16,881
International Fixed Interest	1,003,849	(110)	1,003,959	-
Australian Equities	10,406,940	9,898,541	503,999	4,400
International Equities	13,111,481	9,963,287	2,585,150	563,044
Property	3,452,609	948,421	718,406	1,785,782
Alternatives	7,170,187	622,102	3,020,225	3,527,860
Total	40,443,180	21,528,802	13,016,411	5,897,967

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

As at	30 June 2015
Short Term Securities	6.5%
Australian Fixed Interest	6.6%
International Fixed Interest	2.5%
Australian Equities	25.7%
International Equities	32.4%
Property	8.6%
Alternatives	17.7%
Total	100%

* At 30 June 2015, the Pooled Fund has provisions for receivables/ (payables) estimated to be around \$1.74 billion, giving estimated assets totalling around \$42.2 billion.

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 containing 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.

Fair Value of 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 2015 includes \$209.2 million in NSW government bonds.

Of the direct properties owned by the Pooled Fund:

- GPNSW occupies part of a property owned by the Pooled Fund with a fair value of \$159 million at 30 June 2015.

Significant Actuarial Assumptions at 30 June 2015

As at	30 June 2015
Discount rate	3.03% pa
Salary increase rate (excluding promotional increases)	2.50% 2016 to 2019; 3.50% 2020; 3.00% pa 2022 to 2025; 3.50% pa thereafter
Rate of CPI increase	2.50% 2016; 2.75% 2017 & 2018; 2.50% pa thereafter
Pensioner mortality	The pensioner mortality assumptions are as per the 2012 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.

Sensitivity Analysis

DFSI's total defined benefit obligation as at 30 June 2015 under several scenarios is presented below.

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.

2015	Base Case	Scenario A -1.0% discount rate	Scenario B +1.0% discount rate
Discount rate	3.03%	2.03%	4.03%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$'000)	2,573,558	2,985,655	2,240,232

2015	Base Case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate	as above	as above	as above
Rate of CPI increase	2.5%	3.0%	2.0%
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$'000)	2,573,558	2,752,840	2,410,331

2015	Base Case	Scenario E +0.5% salary increase rate	Scenario F -0.5% salary increase rate
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	above rates plus 0.5% pa	above rates less 0.5% pa
Defined benefit obligation (A\$'000)	2,573,558	2,589,684	2,557,957

2015	Base Case	Scenario G +5% pensioner mortality rates	Scenario H -5% pensioner mortality rates
Defined benefit obligation (A\$'000)	2,573,558	2,542,675	2,606,316

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 cash flows to manage liquidity requirements.

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.

a) Surplus/(Deficit)

The following is a summary of the 30 June 2015 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

30 June 2015	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Accrued benefits	200,071	41,503	1,196,709	1,438,283
Net market value of Fund assets	(199,135)	(45,460)	(1,489,463)	(1,734,058)
<i>Net (surplus)/deficit</i>	936	(3,957)	(292,754)	(295,775)

b) Contribution Recommendations

Recommended contribution rates for DFSI at 30 June 2015 are:

SASS	SANCS	SSS
Multiple of member contributions	Percentage member salary	Multiple of member contributions
1.9%	0.0%	1.6%

c) Economic Assumptions

The economic assumptions adopted for the 30 June 2012 actuarial investigation of the Pooled Fund are:

Weighted Average Assumptions	2015
Expected rate of return on Fund assets backing pension liabilities	8.3%
Expected rate of return on Fund assets backing other liabilities	7.3%
Expected salary increase rate	SASS, SANCS, SSS 2.7% pa (PSS 3.5% pa) to 30 June 2018, then 4.0% pa thereafter
Expected rate of CPI increase	2.5%

d) Expected Contributions

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
As at 30 June 2015				
Expected employer contributions	2,960	1,187	4,533	8,681

e) Maturity Profile of Defined Benefit Obligation

The weighted average duration of the defined benefit obligation is 13.2 years for year 2015.

Expense Recognised in Statement of Comprehensive Income

Total expense recognised in Statement of Comprehensive Income for the period 1 July 2014 to 30 June 2015 is summarised below:

2015	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Current service cost	6,960	2,480	5,521	14,960
Net interest	1,820	298	24,219	26,338
Expense Recognised	8,780	2,778	29,740	41,298

Amount Recognised in Other Comprehensive Income

Total amount recognised in Other Comprehensive Income during 2015 is as follows:

	SASS \$'000	SANCS \$'000	SSS \$'000	Total \$'000
Actuarial (gains)/losses on liabilities	8,467	1,033	184,206	193,706
Actual return on Fund assets less Interest income	(14,709)	(3,443)	(110,751)	(128,903)
Total Remeasurement in Other Comprehensive Income	(6,242)	(2,410)	73,455	64,803

19. INCREASE/DECREASE IN NET ASSETS FROM EQUITY TRANSFERS

Year ended 30 June 2016	SafeWork NSW (b)	Mine Subsiden ce Board (a)	Building Professionals Board (a)	Sydney Harbour Foreshore Authority (a)	Charitable Fundraising Act (a)	Professional Standards Act (a)	Government Architects Office (c)	Transfer of Land and Buildings in LPI to GPNSW (d)	Safety and Return to Work (b)	NSW Self Insurance Corporation (e)	Transfer Superannuation Liability to Treasury (f)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current Assets												
Cash and cash equivalents	21,629	-	-	-	-	-	-	-	-	-	-	21,629
Receivables	3,931	1,177	177	6,625	-	875	(25)	-	(64,191)	(1,640)	-	(53,071)
Total Current Assets	25,560	1,177	177	6,625	-	875	(25)	-	(64,191)	(1,640)	-	(31,442)
Non Current Assets												
Receivables	-	7,310	-	9,704	-	-	-	-	-	-	(179,151)	(162,137)
Property, plant and equipment	16,020	-	-	-	-	444	-	(87,615)	-	-	-	(71,151)
Intangible assets	843	-	-	-	-	1,240	-	-	-	-	-	2,083
Other	242	-	-	-	-	-	-	-	-	-	-	242
Total Non Current Assets	17,105	7,310	-	9,704	-	1,684	-	(87,615)	-	-	(179,151)	(230,963)
TOTAL ASSETS	42,665	8,487	177	16,329	-	2,559	(25)	(87,615)	(64,191)	(1,640)	(179,151)	(262,405)
Current Liabilities												
Payables	1,572	-	-	579	-	229	-	-	-	-	-	2,380
Provisions	23,169	1,177	177	5,776	48	122	(25)	-	-	-	-	30,444
Total Current Liabilities	24,741	1,177	177	6,355	48	351	(25)	-	-	-	-	32,824
Non Current Liabilities												
Payables	243	-	-	-	-	-	-	-	-	-	-	243
Provisions	636	7,310	-	9,974	-	-	-	-	(64,191)	(1,640)	(856,017)	(903,928)
Other	520	-	-	-	-	-	-	-	-	-	-	520
Total Non Current Liabilities	1,399	7,310	-	9,974	-	-	-	-	(64,191)	(1,640)	(856,017)	(903,165)
TOTAL LIABILITIES	26,140	8,487	177	16,329	48	351	(25)	-	(64,191)	(1,640)	(856,017)	(870,341)
Increase/(Decrease) in Nets Assets from Equity Transfer	16,525	-	-	-	(48)	2,208	-	(87,615)	-	-	676,866	607,936

(a) Transfers in as at 1 July 2015 as per the Administrative Arrangements (Administrative Changes – Public Service Agencies) Order (No. 2) 2015, please refer to Note 1(a) for details.

(b) The establishment of the State Insurance and Care Governance Act 2015, which commenced on 1 September 2015, resulted in the creation of new government organisations. SafeWork NSW is a fully consolidated division of DFSI. Safety and Return to Work was transferred out of DFSI as a result of this. Please refer to Note 1(a) for details.

(c) Transfer out of employees within Government Architects Office to Department of Planning and Environment at 15 January 2016.

(d) Land and Property Information (LPI) transferred a significant portion of its Land and Buildings to Government Property NSW (GPNSW), as per Government Property NSW Amendment (Transfer of Property) Order (No. 3) 2016.

(e) Transfer out of employees within NSW Self Insurance Corporation to iCare effective from 1 September 2015.

(f) Transfer of Superannuation liability to Crown Entity, refer to Note 18.

Year ended 30 June 2015

On 1 December 2014 the *Motor Vehicle Repairs Act 1980* that constituted the Motor Vehicle Repair Industry Authority (MVRIA) was repealed by the *Motor Dealers and Repairers Act 2013*. MVRIA ceased to exist from that date. The new Compensation Fund under the *Motor Dealers and Repairers Act 2013* is the continuation of the funds of MVRIA. MVRIA transferred a cash balance of \$8.9 million to DFSI, this transfer has resulted in an increase in equity of \$8.9 million.

20. COMMITMENTS FOR EXPENDITURE

(a) Capital Commitments

	2016 \$'000	2015 \$'000
Aggregate capital expenditure for the acquisition of information technology equipment and other equipment contracted for at balance date and not provided for:		
Not later than one year	10,027	30,214
Later than one year and not later than five years	34	-
Total (including GST)	10,061	30,214

(b) Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable:

Not later than one year	57,862	41,007
Later than one year and not later than five years	160,704	154,549
Later than five years	40,620	70,240
Total (including GST)	259,186	265,796

The total commitments above include input tax credits of \$24.5 million (30 June 2015: \$26.9 million) that are expected to be recovered from the Australian Taxation Office.

DFSI has entered into operating lease agreements with government agencies and private companies for provision of accommodation and plant and equipment for DFSI's use.

Property Leases

Accommodation leases are entered into with Government Property NSW. The term of accommodation leases range from two to ten years with the option for renewal for further terms. The lease agreement allows the lessor to review rents on specified dates. There is no option for the purchase of buildings at the expiry of the lease term. Recurrent outgoings including cleaning, electricity, rates, management fees and public liability insurance is the responsibility of DFSI and all repairs and maintenance of a structural or capital nature is the responsibility of the lessor.

Equipment Leases

DFSI leases equipment, including document reproduction machines and scanning machines, from private sector companies. The lease term is generally five years with the option for renewal for a further term. An early termination fee is applicable for termination of the contract before the expiry of the contract term. There is no option for the purchase of equipment at the expiry of the lease term.

Data Centre Lease

As part of the Data Centre Reform Project the NSW Government entered into an Agreement for Lease and Service Deed with a third party contractor on 25 May 2012 to provide data capacity across the government sector. The lease term is for 10 years and DFSI will manage this lease commitment on behalf of the government. The cost of this commitment will be offset by Fees for Service recovered from other government agencies mandated to utilise the load capacity of the Data Centres.

21. LEASE REVENUE COMMITMENTS

	2016 \$'000	2015 \$'000
Aggregate lease revenue for StateFleet motor vehicles:		
Not later than one year	143,005	153,265
Later than one year and not later than five years	143,464	155,774
Later than five years	-	444
Total (including GST)	286,469	309,483

The above lease commitment includes GST of \$26.0 million (30 June 2015: \$28.1 million) payable to the Australian Taxation Office.

The NSW Government introduced the StateFleet Leasing Arrangement in 2003 for the provision of passenger and commercial motor vehicles to budget sector and other approved agencies.

All new motor vehicles delivered to the approved client agencies are financed under the StateFleet Leasing Arrangement. This arrangement is financed by the NSW Treasury Corporation and managed by StateFleet.

The lease agreement is a long-term rental arrangement which provides clients with a vehicle in return for a fixed monthly payment. StateFleet retains all the capital risks and costs associated with ownership of a vehicle. When the client returns the vehicle there is no residual liability on sale.

22. CONTINGENT ASSETS AND LIABILITIES

(a) Contingent Assets

Shared Services contracts

DFSI may be entitled to a refund if it is determined that the services it receives during the assessment period were lower than the estimated volumes outlined in the contracts. The amounts cannot be accurately determined as the assessment period is based on the calendar year.

DFSI is not aware of any further contingent assets as at reporting date.

(b) Contingent Liabilities

Shared Services contracts

DFSI may be liable for additional payments if it is determined that the services it receives during the assessment period exceed the estimated volumes outlined in the contracts. The amounts cannot be accurately determined as the assessment period is based on the calendar year.

Insurance Claims

DFSI may be liable for payment of compensation arising from claims and other matters subject to litigation. The amounts involved cannot be accurately determined and in some instances are subject to arbitration. These claims are covered by the Treasury Managed Fund.

Torrens Assurance Fund

The Torrens Assurance Fund, a special deposit account operated by DFSI (refer Note 26), has 16 outstanding claims. DFSI estimates the amount payable as a result of these claims to be \$6.6 million.

DFSI is not aware of any further contingent liabilities as at reporting date.

23. BUDGET REVIEW

Net result

The actual net result for DFSI for 2016 is a deficit of \$68.5 million which was unfavourable to the budgeted net result by \$52.4 million. The major variations to budgets are:

Total Revenue was \$160.6 million favourable to budget, mainly in recurrent appropriations and Retained Taxes, Fees and Fines. The recurrent appropriations were higher than budget mainly as a result of additional approved increases in grants for the following: \$200 million for Office of State Revenue's Job Action Plan Payroll Tax Rebate, \$12 million for Natural Disaster Reliefs, \$16.2 million for Service NSW's Easy to do Business and Digital License and Site Closures. The retained taxes, fees and fines increase of \$117.4 million was largely due to \$108 million of nominal insurance revenue from SafeWork NSW which was only established within DFSI in the current financial year and therefore was not included in the budget; as well as \$11.2 million from the Fair Trading statutory interest received, building licence fees and motor dealer compensation funds.

Total Expenses were \$212.9 million unfavourable to budget, primarily due to higher costs associated with particular grants, for example the Jobs Action Plan Payroll Tax Rebate; higher other operating expenses arising from ongoing reforms including redundancies of \$15.8m as well as costs associated with the new outsourced service provider. The unfavourable result has also arisen from the end of year adjustments for asset write downs (\$15.4 million) and the reassessment of provisions resulting in an increase in the allowance for impairment of debtors (\$7.8 million). This is offset by the reduction in employee related costs of \$140 million mainly arising from the administrative changes early in the financial year, the largest of which was the transfer out of SRWS.

Assets and liabilities

Net Assets: The actual net equity of \$408.7 million was unfavourable to budget by \$125.4 million and was primarily due to the transfer of Queens Square and Bathurst buildings from Land and Property Information to Government Property NSW in June 2016; and lower employee entitlements as part of the Government's structural and governance reforms, where SRWS employees were transferred to Insurance and Care NSW. The major factors are:

Total Assets were unfavourable to budget by \$51.3 million mainly due to the vesting of properties from Land and Property Information to Government Property NSW in June 2016 (\$87.6 million) offset by the transfer in of SafeWork NSW assets which were not budgeted and the lower investment in plant and equipment.

Total Liabilities were higher than budget by \$74.0 million mainly due to additional provisions for redundancy in Public Works (\$14 million), provisions for make good (\$9.5 million), and an increase in current payables mainly from the transfer in of SafeWork NSW (\$51.5 million).

Cash flows

Net increase in cash during the year is \$28.7 million compared to a budgeted net increase in cash of \$15.8 million. The favourable variance of \$12.9 million is a combination of increased net cash inflows from operating activities and lower than budgeted expenditure on capital programs.

24. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	2016 \$'000	2015 \$'000
Net cash used on operating activities	223,399	224,760
Depreciation and amortisation	(187,116)	(188,434)
Net gain/(loss) on sale of plant and equipment	(15,462)	(14,886)
Increase/(decrease) in receivables	(11,268)	26,550
(Increase)/decrease in inventories	(1,889)	(474)
(Increase)/decrease in payables	(29,739)	(40,113)
(Increase)/decrease in provisions	(42,553)	(38,248)
(Increase)/decrease in other liabilities	(8,454)	8,538
Net result	(73,082)	(22,307)

25. TRUST FUNDS

(a) Funeral Fund

DFSI administers money in a Miscellaneous Trust Fund held at NSW Treasury which is used for payments to claimants against the Russell Kinsella Funeral Fund as a result of voluntary liquidation of Russell Kinsella Proprietary Limited in 1982. These monies are excluded from the financial statements as DFSI cannot use them for the achievement of its objectives. The following is a summary of the balance in the trust account:

	2016	2015
	\$'000	\$'000
Funeral Fund	111	111

There were no transactions in this account during the year.

(b) Land Acquisition (Just Terms Compensation) Trust

Under Section 51 of the *Land Acquisition (Just Terms Compensation) Act 1991*, DFSI is required to pay any unpaid compensation into a Trust Account. These monies are excluded from the financial statements as DFSI cannot use them for the achievement of its objectives. The following is a summary of the transactions in the trust account:

	2016	2015
	\$'000	\$'000
Cash balance at beginning of year	287	297
Add: Receipts	6	7
Less: Payments	-	(17)
Cash balance at end of year	293	287

(c) Unclaimed Money Trust Accounts

As at 30 June 2016

	Testamentary & Trust Common Fund \$'000	Testamentary & Trust Interest \$'000	Companies Liquidation \$'000	Total \$'000
Cash balance at beginning of year	4,345	10,871	-	15,216
Add: Receipts	-	318	-	318
Less: Transfers to Crown	-	-	-	-
Cash balance at end of year	4,345	11,189	-	15,534

As at 30 June 2015

	Testamentary & Trust Common Fund \$'000	Testamentary & Trust Interest \$'000	Companies Liquidation \$'000	Total \$'000
Cash balance at beginning of year	4,342	10,514	17	14,873
Add: Receipts	3	357	-	360
Less: Transfers to Crown	-	-	(17)	(17)
Cash balance at end of year	4,345	10,871	-	15,216

Under Section 26 of the Trustee Companies Act 1964 unclaimed monies are paid into the testamentary and trust common fund held by the OSR. Interest received from investments from the common fund is credited to the interest account.

Companies liquidation represents amounts received from the disposal of property under Section 462 of the *Companies (New South Wales) Code*.

(d) State Debt Recovery (SDR) Client Funds Account - Fines

	2016	2015
	\$'000	\$'000
Cash balance at beginning of year	17,416	16,212
Add: Receipts	152,728	141,789
Less: Payments	(152,130)	(140,585)
Cash balance at end of year	18,014	17,416

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

(e) SDR Public Monies Accounts - Fines

	2016	2015
	\$'000	\$'000
Cash balance at beginning of year	28,346	24,781
Add: Receipts	338,550	312,957
Less: Payments	(339,204)	(309,392)
Cash balance at end of year	27,692	28,346

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

(f) SDR Civil Debt

	2016	2015
	\$'000	\$'000
Cash balance at beginning of year	34	-
Add: Receipts	14,051	112
Less: Payments	(13,511)	(78)
Cash balance at end of year	574	34

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

26. SPECIAL PURPOSE FUNDS ADMINISTERED BY THE DEPARTMENT OF FINANCE, SERVICES AND INNOVATION

These funds are included within DFSI's Statement of Financial Position.

	Motor Dealers Compensation Fund \$'000	Property Services Compensation Fund \$'000	Property Statutory Interest Account \$'000	Home Building Administration Fund \$'000	Torrens Assurance Fund \$'000	Total \$'000
2016						
Balance at beginning of year	12,779	11,417	186,720	1,476	4,708	217,100
Receipts	2,155	2,352	51,850	16,256	3,738	76,351
Expenditure	(56)	(4,563)	(28,791)	(13,372)	(2,341)	(49,123)
Balance at end of year	14,878	9,206	209,779	4,360	6,105	244,328
2015						
Balance at beginning of year	2,328	12,974	146,275	322	1,727	163,626
Receipts	10,583	2,528	52,303	11,663	3,604	80,681
Expenditure	(132)	(4,085)	(11,858)	(10,509)	(623)	(27,207)
Balance at end of year	12,779	11,417	186,720	1,476	4,708	217,100

The *Motor Dealers Act 1974* was repealed on 1 December 2014 and was replaced by the *Motor Dealers and Repairers Act 2013*. The *Motor Dealers and Repairers Act 2013* established the **Motor Dealers and Repairers Compensation Fund** to provide protection to persons who have suffered a loss in connection with a motor vehicle through their dealings with a motor dealer or a car-market operator. Licensing fees paid by full dealers and car-market operators finance the fund. Claims are usually made on the fund when a motor dealer ceases to trade either on a voluntary basis or a forced closure.

The *Property, Stock and Business Agents Act 2002* established the **Property Services Compensation Fund** which is supported by:

- (i) investment income earned on the investments of the fund;
- (ii) contributions or levies paid by licensees; and
- (iii) other lawful receipts.

The money in the Compensation Fund is applied to:

- (i) payment of claims, as provided by the Act;
- (ii) legal expenses in relation to claims, licensing objections and complaints for cancellation, incurred in relation to the Fund;
- (iii) the expense involved in the administration of the Fund; and
- (iv) other lawful expenses.

The **Property Statutory Interest Account** is supported by interest earned on trust money held by Real Estate Agents and investments made by DFSI.

The account is used to meet the costs of administering the *Property, Stock and Business Agents Act 2002* and various other Acts, supplement the Compensation Fund when required, pay grants to various government and non-government agencies and invest in schemes to provide residential accommodation.

The **Home Building Administration Fund** is supported by:

- (i) prescribed fees for contractor licences, registration certificates, owner-builder permits and building consultancy licences;
- (ii) investment income earned on the investments of the Fund; and
- (iii) other lawful receipts.

The money in the Home Building Administration Fund is applied to:

- (i) meeting the costs of operating the scheme;
- (ii) meeting the costs of administering the *Home Building Act 1989*; and
- (iii) the making of any authorised investments.

The *Real Property Act 1900* establishes the **Torrens Assurance Fund (TAF)** as a special deposit account which is funded by a component of the fee paid on lodgement of a dealing affecting Real Property land. The Fund is established to pay compensation to a person(s) who has suffered a loss or damage as a consequence of the operation of the Real Property Act including the costs and expenses of the Registrar General in connection with any claim for compensation under the Fund; and the payment of compensation in settling a claim against the Fund.

27. ADMINISTERED ASSETS AND LIABILITIES

	2016 \$'000	2015 \$'000
Administered Assets		
Tax receivables	686,171	682,674
Fine receivables (i)	568,086	545,384
	1,254,257	1,228,058
Less:		
Allowance for impairment - taxes	(42,988)	(27,633)
Allowance for impairment - fines	(212,085)	(179,882)
Amounts not meeting asset recognition criteria - fines	(59,563)	(77,144)
	(314,636)	(284,659)
Total Administered Assets	939,621	943,399
Administered Liabilities		
Taxes and fines paid in advance / overpayments	37,919	20,878
Total Administered Liabilities	37,919	20,878

- (i) Fines receivable at 30 June 2016 includes \$144.1 million (30 June 2015: \$146.6 million) in time to pay arrangements with a finalisation date extending beyond twelve months.

28. ADMINISTERED EXPENSES - OTHER

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

	2016 \$'000	2015 \$'000
Act of Grace payments	602	188
Court imposed interest payments	1,656	621
Unclaimed money refund - s14 <i>Public Finance and Audit Act</i>	122	183
Bad debts expense	132,847	80,625
Land tax discounts (i)	25,775	23,115
GST rebate - Clubs (ii)	15,620	15,901
First Home Owners Grant Scheme (FHOGS) (iii)	137,374	121,577
NSW New Home Grant Scheme (iv)	74,700	85,045
Regional relocation grant (v)	6,782	12,405
Payroll Tax Disability Rebate	4	10
Remissions (vi)	40,586	41,597
Total administered expenses	436,068	381,267

- (i) **Land tax discounts** - a 1.5% discount is offered to land tax clients for full payment of their liability by the first instalment date.
- (ii) **GST rebate to clubs** - the GST rebate is paid to clubs to compensate for the impact of the GST. It is based on gaming profits and is paid quarterly.
- (iii) **First Home Owners Grant Scheme** - the First Home Owners Grant eligibility criteria changed in October 2012 to assist eligible first home owners to purchase a new home or build their home. Prior to the change, the grant was also payable in respect of an existing dwelling.
- (iv) **NSW New Home Grant Scheme** - A \$5,000 grant available to buyers of new homes with a value up to \$650,000 and to buyers of vacant land that is intended to be the site of a new home valued up to \$450,000.
- (v) **Regional relocation grant** - The grant assists applicants with the cost of relocating from their metropolitan home. The Regional Relocation Home Buyers Grant closed on 30 September 2014. The Skilled Regional Relocation Incentive closed on 31 March 2015.
- (vi) **Remissions** - in accordance with the *Taxation Administration (Act) 1996* administered by OSR, the Chief Commissioner or his delegate has the discretionary power to remit partially or wholly a statutory penalty and/or interest.

29. ADMINISTERED INCOME - CROWN ENTITY

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

(a) Revenue earned

	Actual 2016 \$'000	Actual 2015 \$'000
Taxes, penalties and interest		
Duties (i)	10,843,654	9,247,526
Parking space levy (i)	105,243	105,517
Payroll tax (i)	8,986,133	8,489,620
Land tax (i)	2,809,961	2,525,551
Health insurance levy (i)	193,271	178,387
Sub total	22,938,262	20,546,601
Gaming and racing		
Lotteries	362,126	326,690
Keno tax	15,213	13,701
Totalizator tax on and off course totes	93,843	114,128
Fixed odds sports betting (i)	12,167	15,347
Fixed odds racing betting (i)	27,581	27,260
Footy TAB	557	682
Club gaming devices (i) (iii)	775,003	721,165
Hotel gaming devices (i) (iii)	679,861	595,049
Total gaming and racing	1,966,351	1,814,022
Total taxes, penalties and interest	24,904,613	22,360,623
Fines (ii)		
Motor traffic fines	439,766	426,361
Fees	80,279	69,284
Court fines	45,125	35,909
Other fines	17,300	5,265
Total fines	582,470	536,819
Total taxes, fines, penalties and interest	25,487,083	22,897,442
Other		
Tax equivalents	574,073	843,786
Mineral royalties (i) (iv)	1,189,372	1,139,313
Certificate and licences (outstanding from Fair Trading)	36,699	51,796
Torrens Assurance Fund and Ad Valorem Levy	19	461
Unclaimed money	30,521	48,281
Other revenue	5,236	3,148
Total other	1,835,920	2,086,785
Total revenue earned	27,323,003	24,984,227

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

	Actual 2016 \$'000	Actual 2015 \$'000
Duties	32,012	27,969
Parking space levy	2,239	2,730
Payroll tax	70,389	61,269
Land tax	19,770	19,639
Tax equivalents	1,217	-
Health insurance levy	109	3
Fixed odds racing betting	-	1
Club gaming devices	339	383
Hotel gaming devices	385	432
Mineral royalties	43	12
Total	126,503	112,438

- (ii) An amount of \$7.3 million has been recovered in fines revenue (2015: \$14.9 million) for the current year previously considered unrecoverable in prior years.
- (iii) Approved clubs and hotels can pay their quarterly gaming machine tax in three equal instalments without being charged interest for the late payment. The scheme aims to assist those demonstrating financial hardship.
- (iv) Collection of mineral royalties in NSW transferred to OSR from the NSW Department of Trade and Investment, Regional Infrastructure and Services (NSW Trade & Investment) in 2015.

(b) Revenue collected

	Actual 2016 \$'000	Actual 2015 \$'000
Taxes, penalties and interest		
Duties	10,902,942	9,218,893
First home purchase scheme	-	2
Total duties	10,902,942	9,218,895
Parking space levy (i)	102,514	103,475
Payroll tax	8,879,766	8,417,339
Land tax	2,772,928	2,484,913
Health insurance levy	193,226	178,374
Sub total	11,948,434	11,184,101
Gaming and racing		
Lotteries	362,126	326,690
Keno tax	15,213	13,701
Totalizator tax on and off course totes	93,844	114,128
Fixed odds sports betting	12,167	15,347
Fixed odds racing betting	27,581	27,259
Footy TAB	557	682
Club gaming devices	777,138	723,070
Hotel gaming devices	679,469	594,589
Total gaming and racing	1,968,095	1,815,466
Total taxes, penalties and interest (ii)	24,819,471	22,218,462
Fines		
Motor Traffic fines	411,141	392,192
Fees	57,047	49,922
Court fines	22,526	17,660
Other fines	6,523	3,303
Total fines	497,237	463,077
Total taxes, fines, penalties and interest	25,316,708	22,681,539
Other		
Tax equivalents	572,117	845,153
Mineral royalties	1,188,594	1,139,733
Certificate and licences (iii) outstanding from Fair Trading	48,201	51,796
Torrens Assurance Fund and Ad Valorem Levy	15	469
Unclaimed money	30,521	48,281
Other revenue	5,236	3,148
Total other	1,844,684	2,088,580
Total revenue collected	27,161,392	24,770,119

- (i) OSR collects parking space levy imposed under the *Parking Space Levy Act 2009* on behalf of Transport for NSW. OSR is reimbursed by Transport for NSW for refunds paid.
- (ii) Amounts totalling \$68.7 million paid on 30 June 2016 and transferred to the Crown Entity in July 2016 are included in the above figures.
- (iii) Certificate and Licences income includes income received in advance of \$11.5 million as at 30 June 2016 (2015: \$10.1 million) due to the introduction of three year home building licences.

30. ADMINISTERED CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Crown Solicitor or other legal firms are currently acting on a number of matters on behalf of DFSI in the normal course of activities. A settlement estimate for administered contingent liabilities cannot be reliably determined. There are no administered contingent assets.

31. FINANCIAL INSTRUMENTS

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

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

The Secretary has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by DFSI, to set risk limits and controls and to monitor risks.

(a) Financial Instrument Categories

			2016 \$'000	2015 \$'000
Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Class: Cash and cash equivalents	6	Not applicable	503,823	453,467
Receivables(i)	8	Loans and receivables (at amortised cost)	187,812	225,167
Other financial assets	10	Held-to-maturity (at amortised cost)	9,633	9,633
Financial Liabilities	Note	Category		
Class: Payables(ii)	14	Financial liabilities measured at amortised cost	282,742	250,786
Borrowings	15	Financial liabilities measured at amortised cost	527,531	540,994

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

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

(b) Credit Risk

Credit risk arises when there is the possibility of DFSI's debtors defaulting on their contractual obligations, resulting in a financial loss to DFSI. 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 DFSI, including cash, receivables, and authority deposits. No collateral is held by DFSI. DFSI has not granted any financial guarantees.

Credit risk associated with DFSI's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Receivables - Trade Debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors; however there is provision for interest to be charged on certain debtors. Sales are made on terms up to 30 days.

DFSI is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2016: \$139.6 million; 2015: \$191.2 million) and less than three months past due (2016: \$15.9 million; 2015: \$7.2 million) are not considered impaired and together these represent 82.8% (2015: 88.1%) of the total trade debtors.

The only financial assets that are past due or impaired are "sales of goods and services" in the "receivables" category of the Statement of Financial Position.

	Total^{1,2} \$'000	Past Due But Not Impaired^{1,2} \$'000	Considered Impaired^{1,2} \$'000
2016			
< 3 months overdue	15,878	15,868	10
3 months - 6 months overdue	6,536	6,536	-
> 6 months overdue	25,614	19,588	6,026
2015			
< 3 months overdue	7,218	7,196	22
3 months - 6 months overdue	2,169	2,169	-
> 6 months overdue	24,545	24,236	309

Notes:

1. Each column in the table reports "gross receivables".
2. The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the "total" will not reconcile to the receivables total recognised in the Statement of Financial Position.

Liquidity Risk

Liquidity risk is the risk that DFSI will be unable to meet its payment obligations when they fall due. DFSI 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.

DFSI has a loan facility with TCorp with a limit of \$650 million to fund the StateFleet Leasing Arrangement. Out of this facility \$528 million was utilised as at 30 June 2016 (30 June 2015: \$541 million).

During the current and prior year, there were no defaults of loans payable. No assets have been pledged as collateral. DFSI's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment or risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made no later than 30 days from date of receipt of a correctly rendered invoice. 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 other suppliers, 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 payments to other suppliers, the Head of an authority (or person appointed by the Head of an authority) may automatically pay the supplier simple interest. The rate of interest applied during the year was 6.15% (2015: 10.61%).

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

	Weighted Average Effective Interest Rate	\$'000 Nominal Amount (i)	\$'000 Interest Rate Exposure			\$'000 Maturity Dates		
			Fixed Interest Rate	Variable Interest Rate	Non-interest Bearing	< 1 Year	1-5 Years	> 5 Years
2016 <i>Borrowings</i> TCorp borrowings	6.15%	579,469	579,469	-	-	217,823	361,646	-
	-	579,469	579,469	-	-	217,823	361,646	-
2015 <i>Borrowings</i> TCorp borrowings	6.25%	643,738	643,738	-	-	184,188	459,550	-
	-	643,738	643,738	-	-	184,188	459,550	-

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement of Financial Position.

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. DFSI's exposures to market risk are primarily through interest rate risk on DFSI's borrowings. DFSI has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which DFSI operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2015. The analysis assumes that all other variables remain constant.

Interest Rate Risk

Exposure to interest rate risk arises primarily through DFSI's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp. DFSI does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1.0% 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. DFSI's exposure to interest rate risk is set out below.

	\$'000				
	Carrying Amount	Net Result -1.0%	Equity -1.0%	Net Result +1.0%	Equity +1.0%
2016					
<i>Financial Assets (i)</i>					
Cash and cash equivalents	503,823	(5,038)	(5,038)	5,038	5,038
<i>Financial Liabilities (i)</i>					
Borrowings	527,531	5,275	5,275	(5,275)	(5,275)

	\$'000				
	Carrying Amount	Net Result -1.0%	Equity -1.0%	Net Result +1.0%	Equity +1.0%
2015					
<i>Financial Assets (i)</i>					
Cash and cash equivalents	453,467	(4,535)	(4,535)	4,535	4,535
<i>Financial Liabilities (i)</i>					
Borrowings	540,994	5,410	5,410	(5,410)	(5,410)

(i) Both receivables and payables are excluded as DFSI deems there exists no interest exposure.

(d) Fair value compared to carrying amount

Financial instruments are generally recognised at cost.

The amortised cost of financial instruments recognised in the Statement of Financial Position approximates the fair value, because of the short-term nature of many of the financial instruments.

32. EVENTS AFTER THE REPORTING PERIOD

(a) Adjusting Events

There are no known events after the reporting period which would give rise to a material impact on the reported results or financial position of DFSI as at 30 June 2016.

(b) Non- Adjusting Events

StateFleet

On 1 July 2016, StateFleet (the business unit of DFSI that delivered fleet management and leasing services to other government agencies) was decommissioned and replaced with a new fleet supply model. The new model consists of a panel of private sector fleet management providers and a separate panel of lessors.

Rather than a single government-owned fleet, the new model will see a fleet manager engaged by each agency who will deal directly with a separate panel of vehicle leasing companies. The panel of lessors will provide the capital funding to purchase new vehicles for each agency. This has no financial impact on the 30 June 2016 financial statements as the existing government owned fleet is being retained and as the leases underpinning the motor vehicles expire over the next five years, the fleet will be sold down over that time.

NSW Public Works

On 1 July 2016, following approval from Minister Perrottet – Minister for Finance, Services and Property, a contract of sale was signed with TJS Services Group Pty Ltd (TJS) for the purchase of Construction Services Group (CGS), which is part of NSW Public Works. The completion date for the sale was 1 August 2016. This has no financial impact on the 30 June 2016 financial statements. The sale represents the closure of services currently provided to the Sydney metropolitan area; however, this does not represent a geographical closure of the public works services as they are still being provided through the remaining regional areas. While no Property, Plant or Equipment was included in the sale agreement, the sale of CSG to TJS included the transfer of approximately 50 personnel for which DFSI paid TJS for their leave entitlements offset by consideration for the CSG business, resulting in a net cost to DFSI of \$805K.

The sale of CGS was part of larger restructuring within Public Works effective from 1 July 2016 which sees Public Works Advisory (PWA) moving into the Property and Housing Group. It will provide specialist commissioning and strategic asset and engineering advice. The existing Engineering Emergency Management unit will continue to support agencies and coordinate responses to engineering emergencies, while the Facilities Management unit will be retained and enhanced.

Other changes also include the winding down of the Sydney Region Project Management group, and the formation of a Government Architect Strategic Unit, comprising the Government Architect and associated strategic advisory functions. Electromedical Engineering, formerly part of the Government Architect's Office (GAO), moves to the Department of Health, with other GAO services to be wound down.

Heritage Services, including the highly specialised stonemasons unit, will also remain within the agency with further market analysis to be conducted in 2016. The Minister's Stoneworks Program will continue long-term, and Government will retain ownership of Heritage Services' stockpile of yellow block sandstone.

Land & Property Information

In September 2015, the NSW Treasury launched a comprehensive scoping study to investigate future options for Land & Property Information (LPI). As announced on 20 May 2016, the Government has decided to offer a long term concession of 35 years for the management of the titling and registry services business of LPI. As at the date of this report, the enabling legislation (to transfer ownership from the Crown to the private sector and to regulate titling transactions) has not been enacted to facilitate the sale, therefore the assets at reporting are deemed not held for sale and no adjustments are required at reporting date.

On 1 July 2016, Land & Property Information (LPI) will separate into five discrete units which will be integrated into DFSI:

- LPI – Titling and Registry Services
- Office of the Registrar General (*newly created, and assumes the regulatory functions of LPI – Titling and Registry Services (TRS)*)
- Spatial Services (*will be part of Government and Corporate Services within DFSI*)

- Valuation Services *(will be part of Property NSW, within DFSI)*
- Office of the Valuer General *(reports administratively to the Minister for Finance, Services and Property and the Secretary of DFSI)*

There are no other known non-adjusting events after the reporting period.

END OF AUDITED FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

Waste Assets Management Corporation

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Waste Assets Management Corporation (the Corporation), which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

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

I am independent of the Corporation in accordance with the auditor independence requirements of:

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further 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, but precluding the provision of non-audit services.

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

The Chief Executive's Responsibility for the Financial Statements

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

In preparing the financial statements, the Chief Executive must assess the Corporation's ability to continue as a going concern unless the Corporation will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and 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.

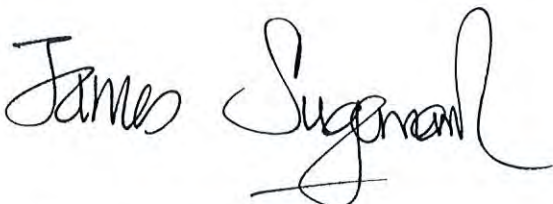
Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate,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

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>.

The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Corporation carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.



James Sugumar
Director, Financial Audit Services

21 September 2016
SYDNEY

Waste Assets Management Corporation

Financial Statements for the Year Ended 30 June 2016

Contents:	Page No.
Statement by the Chief Executive	1
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6- 36

Waste Assets Management Corporation

Statement by the Chief Executive

Pursuant to Section 41C (1B) and (1C) of the *Public Finance and Audit Act, 1983*, I state that in my opinion:

- (a) The accompanying financial statements have been prepared in accordance with:
 - applicable Australian Accounting Standards (which include Australian Accounting Interpretations); and
 - the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and the Treasurer's Directions.
- (b) The financial statements give a true and fair view of the financial position of the Waste Assets Management Corporation as at 30 June 2016.
- (c) There are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Adam Howarth
Chief Executive
Waste Assets Management Corporation
19th September 2016

Waste Assets Management Corporation

Statement of Comprehensive Income for the Year Ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Revenue			
Sale of goods and services	2(a)	20,226	20,150
Investment revenue	2(b)	1,151	1,367
Other revenue	2(c)	2,110	10,303
Rehabilitation Provision reversal	2(d)	8401	-
Waste levy Revenue	3(e)	79,439	74,316
Government Contribution	5	5,054	-
Total Revenue		116,381	106,136
Expenses excluding losses			
Operating expenses			
Personnel services	3(a)	4,684	5,117
Other operating expenses	3(b)	11,541	20,258
Waste levy expense	3(e)	79,439	74,316
Rehabilitation expenses	4	314	5,374
Depreciation and amortisation	3(c)	5,713	5,644
Finance costs	3(d)	1,485	1,838
Revaluation decrement of land & buildings	9	709	-
Total Expenses excluding losses		103,885	112,547
Gain/(Loss) on disposal		225	46
Net Result	15	12,721	(6,365)
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE INCOME		12,721	(6,365)

The accompanying notes form part of these financial statements.

Waste Assets Management Corporation

Statement of Financial Position as at 30 June 2016

	Notes	2016 \$'000	2015 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	6	58,103	56,152
Receivables	7	18,600	14,893
Other assets	8	1,052	930
Total Current Assets		77,755	71,975
Non-Current Assets			
Property, plant & equipment			
Landfill cell cost		1,596	4,749
Land and buildings		14,005	15,296
Plant and equipment		7,380	7,305
Total property, plant and equipment	9	22,981	27,350
Other assets	9	390	433
Total Non-Current Assets		23,371	27,783
TOTAL ASSETS		101,126	99,758
LIABILITIES			
Current Liabilities			
Payables	10	17,996	14,280
Provisions	11	9,441	15,327
Total Current Liabilities		27,437	29,607
Non-Current Liabilities			
Provisions	11	47,660	56,417
Total Non-Current Liabilities		47,660	56,417
TOTAL LIABILITIES		75,097	86,024
NET ASSETS		26,029	13,734
EQUITY			
Accumulated funds		26,029	13,734
TOTAL EQUITY		26,029	13,734

The accompanying notes form part of these financial statements.

Waste Assets Management Corporation

Statement of Changes in Equity for the Year Ended 30 June 2016

		Accumulated Funds \$'000
		<u>13,734</u>
Balance at 1 July 2015		13,734
Net Result for the year		<u>12,721</u>
Total comprehensive income for the year		<u>12,721</u>
Transaction with owners in their capacity as owners		
Decrease in net assets from equity transfers	16	(426)
Balance at 30 June 2016		<u>26,029</u>
 Balance at 1 July 2014		 20,099
Net Result for the year		<u>(6,365)</u>
Total comprehensive income for the year		<u>(6,365)</u>
 Balance at 30 June 2015		 <u>13,734</u>

The accompanying notes form part of these financial statements.

Waste Assets Management Corporation

Statement of Cash Flows for the Year Ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sales of goods and services		36,836	24,624
Waste Levy received		84,260	81,370
Interest received		2,110	1,367
Total Receipts		<u>123,206</u>	<u>107,361</u>
Payments			
Personnel services related		(3,657)	(4,153)
Finance costs		-	(32)
Landfill host fees paid		(5,711)	(5,705)
Waste Levy paid		(82,562)	(73,940)
GST remitted		(8,718)	(6,155)
Other		(18,730)	(17,437)
Total Payments		<u>(119,378)</u>	<u>(107,422)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	15	<u>3,828</u>	<u>(61)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(2,112)	(1,093)
Proceeds from sale of property, plant and equipment		235	106
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(1,877)</u>	<u>(987)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowing and advances		-	(7,500)
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>-</u>	<u>(7,500)</u>
NET INCREASE/(DECREASE) IN CASH		1,951	(8,548)
Opening cash and cash equivalents		56,152	64,700
CLOSING CASH AND CASH EQUIVALENTS	6	<u>58,103</u>	<u>56,152</u>

The accompanying notes form part of these financial statements.

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

1. Summary of significant accounting policies

(a) Reporting entity

The Waste Assets Management Corporation (the Corporation) operates under the provisions of the *Waste Recycling and Processing Corporation (Authorised Transaction) Act 2010* to maintain and operate the only currently operating waste management centre at Eastern Creek, and to manage and rehabilitate a number of closed landfills. The Corporation is a separate reporting entity.

The Corporation is a NSW government statutory body and is a not-for-profit entity. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The Corporation was created on 23 March 2010.

These financial statements for the year ended 30 June 2016 have been authorised for issue by the Chief Executive on 19 September 2016.

(b) Basis of preparation

The Corporation's financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- The Financial reporting directions published in the Financial reporting Code for the NSW General Government Sector entities or issued by the Treasurer
- Property, Plant and equipment are measured at fair value.
- the requirements of the *Public Finance and Audit Act 1983* and Regulation 2015.

Other financial statement items are prepared in accordance with the historical cost convention, except where specified otherwise.

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

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

(c) Statement of compliance

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

(d) Joint Arrangements

Joint operations

The proportionate interests in the assets, liabilities, revenue and expenses of a joint venture activity have been incorporated in the financial statements. Details of the joint operation are set out in note 19.

(e) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred.

(f) Insurance

The Corporation's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for government agencies. The expense (premium) is determined by the Fund Manager based on past claim experience.

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

1. Summary of significant accounting policies (continued)

(g) Personnel Services

Employee costs for the full year were recognised as Personnel Services provided by the Department of Finance, Services and Innovation (Note 3 (a)). These personnel services are expensed when incurred.

(h) Accounting for the goods and services tax (GST)

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

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

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(i) Revenue recognition

Revenue is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Contributions

Contributions from other bodies (including grants and donations) are generally recognised as income when the Corporation obtains control over the assets comprising the contributions.

Control over contributions is normally obtained upon the receipt of cash.

(ii) Sale of goods

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

(iii) Liquid waste

Revenue from the collection and treatment of liquid waste is recognised after the waste has been collected and treated.

(iv) Electricity sales

Revenues from electricity sales are recognised on an accruals basis.

(v) Renewable Energy Certificates

Revenue from Renewable Energy Certificates is recognised on an accrual basis.

(vi) Rendering of services

Revenue is recognised when the service is provided or by reference to the stage of completion.

Revenue, based on the stage of completion, is calculated by multiplying the rate per tonne by the number of tonnes of waste received during the period.

(vii) Investment revenue

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

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

1. Summary of significant accounting policies (continued)

(viii) Bio-banking Trust Fund Income

Payments from the trust fund are recognised as income in the year in which the cash is received.

(j) Fair Value Hierarchy

A number of the Corporations' accounting policies and disclosures require the measurements 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 Corporation 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).

The Corporation recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer Note 16 and Note 17 for further disclosures regarding fair value measurements of financial and non-financial assets.

(k) Assets

(i) Acquisitions of assets

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

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

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

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

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

1. Summary of significant accounting policies (continued)

(ii) Landfills, cell development and provision for rehabilitation

a. Landfills

The Corporation owns landfill assets. A landfill may be either developed or purchased. The cost of developing a landfill includes the expenses incurred in approval and overall site infrastructure development to bring the asset to a condition necessary for its intended use.

It is the Corporation's policy to:

- assess and recognise each landfill asset or group of landfill assets as a unit.
- measure the land value by reference to fair value.

The Corporation's contaminated lands that do not require remediation under an EPA direction are currently valued at \$1. This is to reflect the considerable remediation cost associated with the 'make good' of the site, if the site was to be developed for alternative uses.

b. Cell development

A landfill will normally be divided into parts, with each part (or cell) being developed one at a time. When a cell is nearly full, a new cell is developed in readiness to receive waste from the time the former cell closes. The closed cell is then capped.

The cost of cell development includes earthworks, leachate and gas capture infrastructure and cell lining to bring the asset to a condition necessary for its intended use, that is, to receive and dispose of waste and generate revenue streams.

Expenditure on cell development may be incurred in one reporting period but the airspace in the cell may last for more than that reporting period.

In recognition of the above, it is the Corporation's policy at time of cell development and reporting dates to:

- capitalise the cost of cell development in landfill assets
- amortise the expected cost of cell development over the useful life of the cell.
- recognise income streams in the reporting period earned

The amortisation for a reporting period is calculated by the volume of airspace consumed during the reporting period divided by the total airspace available when the asset started being used. Future landfill site restoration and aftercare costs capitalised are depreciated at rates that match the pattern of benefits expected to be derived from use of the respective sites.

c. Landfills closure and provision for rehabilitation

A landfill is deemed full when its permitted airspace is consumed and it cannot legally accept any more waste. Alternatively, a landfill may be deemed full earlier should other factors exist, for example, if it is not economically viable to continue accepting waste. At that point the cost of cell development is fully amortised to nil.

Generally, a landfill must be maintained and left in a condition specified by the Environmental Protection Authority or other government authorities. Therefore rehabilitation occurs on an ongoing basis, at the time the landfill closes, and post-closure.

In recognition of the above, it is the Corporation's policy at time of development to:

- in the case of developing a landfill, provide for the expected rehabilitation at time of development
- request environmental scientists to calculate the expected cost of rehabilitation for each landfill asset or group of landfill assets working together; and

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

1. Summary of significant accounting policies (continued)

(k) Assets (continued)

(ii) Landfills, cell development and provision and rehabilitation (continued)

c. Landfills closure and provision for rehabilitation (continued)

- assess the adequacy of the provision for rehabilitation at each reporting date and either confirm its adequacy or increase or decrease the provision to the landfill asset and of comprehensive income as required and account for the cost of rehabilitation against the provision.

The provision is stated at the present value of the future cash outflows expected to be incurred, which increases each period due to the passage of time. The annual change in the net present value of the provision due to the passage of time is recognised in the statement of comprehensive income as a time value adjustment.

(iii) Capitalisation thresholds

Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

(iv) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*.

Property, plant and equipment value is measured on an existing use basis, which is its highest and best use given existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use. Land is carried at un-rehabilitated value.

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

The Corporation revalues each class of property, plant and equipment every three years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.

The last valuation of land and buildings was completed on 30 June 2016 and was based on an independent assessment.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

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

For other assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result. The increment is recognised immediately as revenue in the statement of comprehensive income.

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

1. Summary of significant accounting policies (continued)

(k) Assets (continued)

(iv) Revaluation of property, plant and equipment (Continued)

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the revaluation surplus in respect of the same class of assets, they are debited directly to the revaluation surplus.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to accumulated funds.

The Corporation revalued property in accordance with the Independent Valuation report issued June 2016. However management discounted the value of the Landfilled assets by a factor of 50%. This is to reflect the highly contaminated nature of the asset and limited market.

(v) Impairment of property, 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 the not-for-profit entities given that AASB 136 modifies the recoverable amount 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.

(vi) Depreciation of property plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Corporation.

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

The normal life expectancies of major asset categories are as follows:

Asset class	Years
Buildings	4-20
Leasehold improvements	5-10
Plant & equipment	1-10
Specialised equipment	3-7
Furniture & fittings	3-5
Motor vehicles	3-5
Computers	1-4

Land is not a depreciable asset.

Landfills are amortised based on constructed waste volume consumed during the period.

(vii) Leased assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits. Operating lease payments are charged to the Statement of Comprehensive Income in periods in which they are incurred.

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

1. Summary of significant accounting policies (continued)

(k) Assets (continued)

(i) Maintenance

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

(ix) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value. 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.

(x) Bio-banking Credits

Bio-banking Credits are recognised as an intangible asset upon signing the Bio-banking Agreement with the Office of Environment and Heritage. The credits are initially recognised 'at cost'. The 'cost' of the asset is considered to be the value of the Bio-banking Liability. Bio-banking Liability is the environmental obligation to maintain the biodiversity of the land in accordance with the terms and conditions of the Bio-banking Agreement.

(xi) Bio-banking – Trust Fund Receivable

The Bio-banking Agreement requires that a pre-determined portion of proceeds from the sale of Credits be deposited into the Bio-banking Trust Fund. The balance of the Bio-banking Trust Fund represents amounts that will be made available to the corporation in order to fund the performance of the environmental works required under the Bio-banking Agreement.

(xii) Other assets

Renewable Energy Certificates generated and Australian Carbon Credit Units are stated at fair value. Fair value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(xiii) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment.

An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

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

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.

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

1. Summary of significant accounting policies (continued)

(l) Liabilities

(i) Payables

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

(ii) Borrowings

Loans are not held for trading or designated at fair value through the profit or loss and are recognised at amortised cost using the effective interest rate method. Gains or losses are recognised in the net result for the year on de-recognition.

(iii) Provisions

Provisions exist when: the Corporation 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.

If the effect of the time value of money is material, provisions are discounted at 2.92% per annum, (2015: 3.07% per annum), which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

(m) Equity and reserves

(i) Revaluation Surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the Corporation's policy on the revaluation of property, plant and equipment as discussed in note 18.

(ii) Accumulated funds

The category accumulated funds includes all current and prior period retained funds.

(n) Equity Transfers

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

Transfers arising from an administrative restructure between not-for-profit entities and for-profit government departments are recognised at the amount at which the asset was recognised by the transferor immediately prior to the restructure. In most instances this will approximate fair value. All other equity transfers are recognised at fair value.

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

1. Summary of significant accounting policies (continued)

(o) Comparative Information

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

(p) Going Concern Basis

The Corporation's financial statements have been prepared on a going concern basis.

The Corporation is likely to cease operation in Mid 2017. It's role post 2017 is currently uncertain. (included as per advise from The Audit Office)

The Corporation's initial accumulated fund of \$27.1m increased by \$10.1m at 30 June 2016. The long term cash projections based on the 2016/17 Business Plan indicate annual deficits from the 2018/19 years. The cash flow projection includes various assumptions included in the Corporation's business plan and cost savings programs.

Current Assets exceed current liabilities adjusted for restricted cash by \$0.8m (2015 Current Liabilities exceed Current Assets:\$5.7m).

The Corporations' ability to pay its debts as when they become due and payable is supported by the \$20m short term 'Come and Go' facility extended by the Treasury Corporation. The Corporation has approval to hold this facility in line with the requirements of the Public Authorities (Financial Arrangements) Act 1987. The Corporation can call upon the 'Come and Go' to fund any shortfall in its cash requirements.

(q) New Australian Accounting Standards issued but not effective

A number of new accounting standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2016, and have not been applied in preparing these financial statements.

Those which may be relevant to the Corporation are set out below:

1. AASB 9 Financial Instruments (effective for reporting periods on or after 1 July 2017).

The standard replaces the multiple classification and measurement models in AASB 139 Financial Instruments: Recognition and Measurement with a single model that has only two classifications: amortised cost and fair value. There is no anticipated impact on the Corporation as all financial instruments are already recognised at amortised cost or fair value.

2. Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)

[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 16, 19, 107 and 127]

This amendment has been issued as a result of the December 2010 updated AASB 9 Financial Statements. The original application from this pronouncement was for reporting periods beginning on or after 1 January 2013. This date has been changed as a result of AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (see above) that has deferred the application date to reporting periods beginning on or after 1 January 2017. There is no impact on the financial statements of the Corporation from this pronouncement.

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

1. Summary of significant accounting policies (continued)

(q) New Australian Accounting Standards issued but not effective (continued)

3. Revenue from Contract with Customers [AASB 15]

This standard will replace AASB 118. This new standard emphasises the notion of control replaces the existing notion of risks and rewards. This standard will commence after 1 January 2017. There is no impact to the Corporation from the adoption of this standard.

Management has assessed the impact of the other new accounting standards and interpretations and noted that these will not have a material impact on the Corporation's financial statements.

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

2. Revenue

	2016 \$'000	2015 \$'000
(a) Sale of goods and services		
Waste charges	15,964	16,849
Income from Joint Operations - 'Electricity and green products'	4,262	3,301
	20,226	20,150
(b) Investments revenue		
Interest received	1,151	1,367
	1,151	1,367
(c) Other		
Carbon Pricing Mechanism	-	8,126
Other Income - Gas Royalties & VENNM disposal	534	755
Other Income - Services Rendered	1,576	1,422
	2,110	10,303
(d) Rehabilitation Provision Reversal	8,401	-
Exclusion of Plastic Capping from Licence conditions	8,401	-

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

3. Expenses excluding losses

	2016	2015
	\$'000	\$'000
(a) Personnel services		
Salaries and wages	3,256	3,758
Redundancies	-	143
Superannuation - defined benefit plans	-	(96)
Superannuation - defined contributions plans	203	235
Long service leave	106	52
Workers compensation insurance	138	170
Payroll tax and fringe benefits tax	199	256
Temporary contractors	782	599
	4,684	5,117
(b) Other operating expenses		
Administration	821	825
Auditors remuneration		
- audit of the financial statements	91	86
Carbon Price Mechanism	-	7,387
Consultancy	12	28
Fee for service	139	345
Insurance	326	360
Landfill operating expenses	1,653	1,651
Landfill host fees	5,228	4,487
Community Grants	-	320
Legal	27	488
Loss on disposal of assets	-	50
Maintenance	723	718
Mobile plant and motor vehicles	1,315	1,812
Operating lease rental expense	522	533
Rates and taxes	21	16
Utilities and cleaning	463	444
Other expenses	200	708
	11,541	20,258

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

3. Expenses excluding losses (continued)

**Reconciliation - Capitalised salary and wages*

Personnel services related expense capitalised into
Landfill Cell development costs excluded from
note 3(a) above

131	128
-----	-----

**Reconciliation - Total maintenance*

Maintenance expense – contracted labour and
other (non-employee related), as above
Personnel services related maintenance expense
included in Note 3(a)
Total maintenance expenses included in
Note 3(a) + 3(b)

782	599
289	421
1,071	1,020

(c) Depreciation and amortisation expense

Depreciation of:

Landfill cell costs

3,291 3,281

Land and Buildings

578 606

Plant and equipment

1,844 1,757

5,713	5,644
--------------	--------------

(d) Finance costs

Interest paid to TCorp

- 32

Unwinding of discount on landfill provision

1,485 1,806

1,485	1,838
--------------	--------------

(e) Waste levy Revenue/Expense

Waste levy revenue

79,439 74,316

Waste levy expense

(79,439) (74,316)

Expense over revenue

-	-
---	---

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

4. Rehabilitation expenses

	2016 \$'000	2015 \$'000
Landfill rehabilitation expenses	314	5,374
	<u>314</u>	<u>5,374</u>

The Corporation was vested a provision for rehabilitation on 31 January 2011. On 3 February 2011 the Corporation received \$48.9m from the Crown Entity to fund the future land rehabilitation liabilities.

During 2015/16 the landfill rehabilitation provision was decreased by \$7.5m to represent the net present value of the liability (2014/15: increase of \$5.5m).

The ability of the Corporation to complete its long term rehabilitation obligations is dependent upon a number of factors including, long term interest rates; regulatory changes to rehabilitation requirements and licence conditions, realisation of identified potential rehabilitation savings and further contributions to the Landfill Rehabilitation Fund by either the Corporation or the Crown.

5. Government Contributions (formerly Other Gains/Losses)

	2016 \$'000	2015 \$'000
Liability forgiven by NSW Treasury (formerly reversal of Penrith Lakes Provision)	5,054	-
	<u>5,054</u>	<u>-</u>

The Corporation received Ministerial direction to transfer excess Penrith Lakes Development Corporation (PLDC) funds into the Rehabilitation Funds.

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

6. Currents assets - cash and cash equivalents

	2016	2015
	\$'000	\$'000
Cash at bank and on hand	7,840	2,182
Bank Term Deposits		
- Unrestricted	252	5,854
- Restricted	50,011	48,116
	58,103	56,152

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits.

Cash and cash equivalent assets recognised in the statement of financial position is reconciled at the end of the financial period to the statement of cash flows as follows:

Cash and cash equivalents (per statement of financial position)	58,103	56,152
Closing cash and cash equivalents (per statement of cash flows)	58,103	56,152

Restricted funds can only be spent for the specified purpose, primarily rehabilitation of landfill sites, for which it was granted to the Corporation. During 2015/16 \$5.1m was transferred from the PLDC Fund to Restricted Funds, refer Note 5 (\$0: 2015)

Refer to Note 16 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

6. Currents assets - cash and cash equivalents (continued)

Reconciliation of Restricted Cash

	Landfill Rehabilitation Fund \$'000	Lucas Heights \$'000	Other Restricted \$'000	Total \$'000
Year ended 30 June 2016				
Opening restricted funds at start of year	44,554	-	3,562	48,116
Interest received	507	-	41	548
Transfer from unrestricted	5,054	-	-	5,054
Reimbursements for rehabilitation	(3,707)	-	-	(3,707)
Restricted funds at the end of the year	46,408	-	3,603	50,011

	Landfill Rehabilitation Fund \$'000	Lucas Heights \$'000	Other Restricted \$'000	Total \$'000
Year ended 30 June 2015				
Opening restricted funds at start of year	46,322	-	3,466	49,788
Interest received	1,341	-	96	1,437
Reimbursements for rehabilitation	(3,109)	-	-	(3,109)
Restricted funds at the end of the year	44,554	-	3,562	48,116

The Landfill Rehabilitation Fund was established in accordance with Section 7 Part 2 of the *Waste Recycling and Processing Corporation (Authorised Transaction) Act 2010*. This is a special deposit account administered by the Minister for Finance, Services and Property. Use of funds is restricted to landfill rehabilitation purposes.

A withdrawal of \$0.3m was undertaken in July 2016 for rehabilitation expenses incurred in June 2016 (2015: \$0.8m).

The Corporation has a shortfall of \$5.9m (2015: \$17.5m) of Rehabilitation Cash in order to cover it's future Rehabilitation Provisions. This shortfall is within an acceptable level for the Corporation to implement savings measures to alleviate this shortfall. The Corporation anticipates to transfer \$5.0m from Operating Cash to Restricted Cash in the 2016/17 to rectify the Rehabilitation Shortfall.

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

7. Current assets - receivables

	2016	2015
	\$'000	\$'000
Trade receivables	18,375	14,246
Prepayments	225	221
Receivable from other government agencies	-	426
	18,600	14,893

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 16.

The Corporations sole landfill customer (Suez Environment) represents 100% of Trade Receivables (2015: 94%)

8. Other assets

Other Assets	2016	2015
	\$'000	\$'000
Current		
Right to carbon emission units	137	293
Renewable Energy Certificates	199	314
Other	716	323
	1,052	930
Non-current		
Bio-banking Trust Fund Deposit	390	433
	390	433

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

9. Non-current assets - property, plant and equipment

	Landfill cell cost \$'000	Land & Buildings \$'000	Plant & Equipment \$'000	Total \$'000
At 30 June 2016				
Gross carrying amount	29,043	16,101	17,120	62,264
Accumulated depreciation and amortisation	(27,447)	(2,096)	(9,740)	(39,283)
Net carrying amount	1,596	14,005	7,380	22,981
At 30 June 2015				
Gross carrying amount	28,905	17,220	17,030	63,155
Accumulated depreciation and amortisation	(24,156)	(1,924)	(9,725)	(35,805)
Net carrying amount	4,749	15,296	7,305	27,350

The Corporation has 3 lots of freehold land at Lidcombe NSW DP 1004785 which are currently valued at \$1. Any rehabilitation costs are expected to be offset by site development post 2025.

The Corporation also has 3 lots of land at Lucas Heights NSW DP 818819 and 1149334. These lots have long term leases, and may return to the Corporation in the future. The Corporation considers the value to be currently insignificant.

The freehold lots are: Belrose closed landfill DP 1144741, Castlereagh closed landfill DP 793517 and Eastern Creek Area 4 closed landfill DP 1048435.

Reconciliation

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

	Landfill cell cost \$'000	Land & Buildings \$'000	Plant & Equipment \$'000	Total \$'000
At 1 July 2015	4,749	15,296	7,305	27,350
Additions	138	-	1,974	2,112
Revaluation Adjustment		(709)		(709)
Disposal	-	(4)	(55)	(59)
Depreciation expense	(3,291)	(578)	(1,844)	(5,713)
At 30 June 2016	1,596	14,005	7,380	22,981
	Landfill cell cost \$'000	Land & Buildings \$'000	Plant & Equipment \$'000	Total \$'000
At 1 July 2014	7,825	15,902	8,283	32,010
Additions	205	-	888	1,093
Disposal	-	-	(109)	(109)
Depreciation expense	(3,281)	(606)	(1,757)	(5,644)
At 30 June 2015	4,749	15,296	7,305	27,350

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

9. Non-current assets – Property, plant and equipment (Cont)

Revaluation of Land and Buildings

During the year to 30 June 2016 the Land and Buildings were valued by an independent registered valuer. As a result of these revaluations a decrease in the carrying value of these assets of \$709,452 was recorded as an expense in the income statement.

During the year to 30 June 2015 formal advise was received from an independent registered valuer that there had been *no material change* in value for the Corporation's Land and Buildings since 30 June 2014.

10. Current liabilities - payables

	2016 \$'000	2015 \$'000
Trade payables	707	568
Payable to other government agencies	798	402
Waste levy payable	14,703	11,580
Other Creditors	1,788	1,730
	17,996	14,280

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 16.

11. Current / non-current liabilities – provisions

	Prov. for Landfill Rehabilitation \$'000	Prov. for Cost to Complete and Other \$'000	Total \$'000
At 30 June 2016			
Current provision	5,040	4,401	9,441
Non-current provision	47,270	390	47,660
Total provision	52,310	4,791	57,101
At 30 June 2015			
Current provision	6,074	9,253	15,327
Non-current provision	55,946	471	56,417
Total provision	62,020	9,724	71,744

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

11. Current/ non-current Liabilities – provisions (Cont)

Movements in each class of provision during the financial period are set out below:

	Prov. for Carbon Price Mechanism \$'000	Prov. for Landfill Rehabilitation \$'000	Prov. for Cost to Complete and Other \$'000	Total \$'000
At 1 July 2015	-	62,020	9,724	71,744
Additional provisions during the year	-	874	5,273	6,147
Writeback of Provision	-	(8,402)	-	(8,402)
Amounts used	-	(3,668)	(5,152)	(8,820)
Unused amounts reversed	-	-	(5,054)	(5,054)
Unwinding / change in discount rate	-	1,485	-	1,485
At 30 June 2016	-	52,310	4,791	57,101
At 1 July 2014	8,557	57,685	11,077	77,319
Additional provisions during the year	-	5,531	5,286	10,817
Amounts used	(286)	(3,147)	(6,639)	(10,072)
Unused amounts reversed	(8,271)	-	-	(8,271)
Unwinding / change in discount rate	-	1,951	-	1,951
At 30 June 2015	-	62,020	9,724	71,744

Provisions for Carbon Price Mechanism:

- On 1 July 2012 the Commonwealth *Clean Energy Act 2011*, and associated legislation, came into effect.
- This legislation created a future liability for the Corporation for emissions from waste deposited after 1 July 2012. The Corporation developed a model forecasting carbon volumes and process.
- On 17 July 2014 the Commonwealth *Clean Energy Act (2011)*, was repealed.

Provision for Landfill rehabilitation:

- Landfill Rehabilitation Funding was received from Treasury in 2011 to cover landfill rehabilitation costs on closed landfills, until 2055.
- A triennial review to assess the adequacy of the Landfill Rehabilitation Fund was conducted by suitably qualified environmental engineers (Tonkin and Taylor) during 2015/16. Subsequently, an additional \$0.6m allocation for the purchase of topsoil for the Eastern Creek Landfill closure was adopted. A favourable adjustment of \$9.0m to this fund was also made following the removal of a plastic cap liability from the Eastern Creek Licence by the EPA. The result was a net favourable \$8.4m.
- The Corporation incurs all rehabilitation expenditure. Funds from the restricted purposes rehabilitation cash accounts are then reimbursed to the Corporation.
- Due to the decline in interest rates in the 2015/16 year the Landfill Rehabilitation provision was negatively impacted by \$0.8m in 2015/16 (2015: \$5.5m)

Provision for Costs to Complete and Other

- Included in Provision for Costs to Complete - Other

During 2015/16 a provision of \$5.1m for unspent grant funds for PLDC was reversed refer Note 5. This was undertaken under Ministerial approval being granted.

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

12. Future minimum lease payments expected to be received

Future non-cancellable operating lease receivable:

	2016 \$'000	2015 \$'000
Not later than one year	69	69
Later than one year and not later than five years	284	282
Later than five years	224	295
Total (including GST)	577	646

Waste Assets Management Corporation leases a portion of its property asset at 7 Hill Rd, Sydney Olympic Park to the Sydney Olympic Park Authority. Lease # 6380178; Folio ID 5005/1004785. The lease is scheduled to expire 23rd August 2024.

13. Commitments for expenditure

(a) Operating lease commitments

Future non-cancellable operating lease rentals not provided for and payable:

	2016 \$'000	2015 \$'000
Not later than one year	328	561
Later than one year and not later than five years	-	360
Total (including GST)	328	921

The Corporation has a lease with The Minister administering The Environment Planning and Assessment Act 1979 over Folio Identifier 1/1073820. The area is within the Eastern Creek Waste Management Centre and is used to stockpile excess materials. The Current lease expires on the 30th June 2017 or if the Corporation ceases to store material on that area.

The Corporation also had a lease with the State Property Authority of NSW (now Property NSW) for an area at 2-10 Valentine Ave, Parramatta – Agreement No. 00007351. The lease was not renewed before the 30th June 2016, therefore no commitment exists.

(b) Capital expenditure commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

Property, plant and equipment:

Not later than one year	-	285
Total (including GST)	-	285

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

14. Contingent liabilities and contingent assets

(a) Contingent assets

There are no known contingent assets requiring disclosure in these financial statements as at balance date, (2015:\$Nil).

(b) Contingent liabilities

The Corporation may have costs associated with the closure of the Eastern Creek Landfill. The costs currently can not be accurately measured.(2015:\$Nil)

15. Reconciliation of cash flows from operating activities to the year result

	2016 \$'000	2015 \$'000
Net cash flows from operating activities	3,828	(61)
Depreciation	(5,713)	(5,644)
Revaluation decrement of land and buildings	(709)	
Gain/(Loss) on disposal of assets	225	(4)
Increase/(Decrease) in receivables	4,133	103
Increase/(Decrease) in other assets	79	(9,032)
(Increase)/Decrease in payables	(3,716)	2,698
(Increase)/Decrease in rehabilitation provision	(874)	(5,531)
Unwinding of rehabilitation discount	(1,485)	(1,951)
(Increase)/Decrease in other provisions	16,954	13,057
Net Result	12,721	(6,365)

16. Decreases in Net Assets from Equity Transfers

Treasury transfer of the defined benefits plan associated assets from the Corporation

	2016 \$'000	2015 \$'000
Transfer of Defined Benefits Assets	(426)	-
	(426)	-

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

17. Financial instruments

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

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

The Acting Chief Executive has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Corporation, to set risk limits and controls to monitor risks. Compliance with policies is reviewed by the Chief Executive and Senior Management on a regular basis.

Financial instrument categories:

Financial Assets	Notes	Category	Carrying amount	
			2016 \$'000	2015 \$'000
Class:				
Cash and cash equivalents	6	N/A	58,103	56,152
Receivables ¹	7	Loans and receivables (at amortised cost)	16,705	13,377
Other assets	8	Rights to carbon emission assets and Renewable Energy Certificates	336	607

Financial Liabilities	Notes	Category	Carrying amount	
			2016 \$'000	2015 \$'000
Class:				
Payables ²	10	Financial liabilities measured at amortised cost	2,140	1,945

Notes

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

17. Financial instruments (continued)

(a) Credit Risk

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

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

Credit risk associated with the Corporation's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Cash

Cash comprises cash on hand and bank balances which earn interest daily.

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

17. Financial instruments (continued)

(a) Credit Risk (continued)

Receivables – trade debtors

All trade and other debtors are recognised as amounts receivable at balance date. Collectability of all debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts, which are known to be uncollectible, are written off.

An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and the debtor's credit ratings. No interest is earned on trade debtors. Sales are generally made on 30 day terms.

Based on past experience, debtors that are past due more than three months are considered impaired. There are no debtors which are currently past due or impaired whose terms have been renegotiated.

	Total ^{1,2} \$'000	Past due but not impaired ^{1,2} \$'000	Considered impaired ^{1,2} \$'000
2016			
< 3 months overdue	-	-	-
2015			
< 3 months overdue	-	-	-

(b) Liquidity Risk

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

During the current period, there were no defaults or breaches on any loan payable.

No assets have been pledged as collateral. The Corporation's exposure to liquidity risk is deemed insignificant based on current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods and services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasury Circular TC 11/12. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or statement is received. Treasury Circular TC 11/12 allows the Minister to award interest for late payment. Although not required as loan not currently drawn down.

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

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

17. Financial instruments (continued)

(b) Liquidity Risk (Cont)

	Weighted Average Effective Int. Rate %	Nominal Amount \$'000	Interest Rate Exposure \$'000			Maturity Dates		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non- interest bearing \$'000	<1 year \$'000	1-5 years \$'000	>5 years \$'000
2016								
Payables	-	2,140	-	-	2,140	2,140	-	-
		2,140	-	-	2,140	2,140	-	-
2015								
Payables	-	1,945	-	-	1,945	1,945	-	-
	-	1,945	-	-	1,945	1,945	-	-

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Corporation's exposure to market risk is primarily through interest rate movement of Bank Term Deposits. The Corporation has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Corporation operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis assumes that all other variables remain constant.

The Corporation does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect net result or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Corporation's exposure to interest rate risk is set out below.

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

17. Financial instruments (continued)

(c) Market Risk (continued)

	Carrying Amount \$'000	-1% Profit \$'000	Equity \$'000	1% Profit \$'000	Equity \$'000
2016					
<i>Financial Assets</i>					
Cash at bank and on hand	7,840	78	78	(78)	(78)

	Carrying Amount \$'000	-1% Profit \$'000	Equity \$'000	1% Profit \$'000	Equity \$'000
2015					
<i>Financial Assets</i>					
Cash at bank and on hand	2,182	22	22	(22)	(22)

Other price risk – Cash & TCorp Hour-Glass facilities

Facility	Investment Sectors	Investment Horizon	2016 \$'000	2015 \$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	50,263	5,855
Strategic Cash facility	Cash, money market and other interest rate instruments	Up to 1.5 years	-	48,115

The Corporation is currently assessing it's Strategic Cash Facility and in order to comply with the PAFA Act is in the process of implementing and having endorsed a Strategic Cash Policy. All of the Corporations Cash is currently in the Westpac Cash Facility.

	Carrying Amount \$'000	-1% Profit \$'000	Equity \$'000	1% Profit \$'000	Equity \$'000
2016					
Cash	50,263	(503)	(503)	503	503

	Carrying Amount \$'000	-1% Profit \$'000	Equity \$'000	1% Profit \$'000	Equity \$'000
2015					
Bank Term Deposits	53,970	(540)	(540)	540	540

Notes to the Financial Statements for the Year Ended 30 June 2016

(d) Fair value compared to carrying amount

The amortised cost of financial instruments recognised in the balance sheet approximates the fair value, because of the short-term nature of many of the financial instruments.

The Corporation uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

- | | Level 1 | Level 2 | Level 3 | 2016 |
|---|----------|------------|----------|-----------------|
| | \$'000 | \$'000 | \$'000 | Total
\$'000 |
| 2016 Financial assets at fair value 2015 | | | | |
| Australian Carbon Credit Units | - | 137 | - | 137 |
| Renewable Energy Certificates | - | 199 | - | 199 |
| | - | 336 | - | 336 |

	Level 1	Level 2	Level 3	2015
	\$'000	\$'000	\$'000	Total
2015 Financial assets at fair value 2014				\$'000
Australian Carbon Credit Units	-	293	-	293
Renewable Energy Certificates	-	314	-	314
	-	607	-	607

There were no transfers between level 1 and 2 during the year ended 30 June 2016.

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

18. Fair value measurement of non-financial assets instruments

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 30 June 2016:

	Level 1	Level 2	Level 3	2016
	\$'000	\$'000	\$'000	Total \$'000
2016 Non financial assets at fair value				
Landfill cell costs	-	-	1,596	1,596
Land and buildings	-	-	14,005	14,005
	-	-	15,601	15,601
	Level 1	Level 2	Level 3	2015
	\$'000	\$'000	\$'000	Total \$'000
2015 Non financial assets at fair value				
Landfill cell costs	-	-	4,749	4,749
Land and buildings	-	-	15,296	15,296
	-	-	20,045	20,045

2016	Total Recurring Level 3 Fair Value \$'000
Fair value as at 1 July 2015	20,045
Additions	138
Revaluations increments/ (decrements) recognised in Total Comprehensive Income	(709)
Disposals	(4)
Depreciation	(3,869)
Fair value as at 30 June 2016	<u>15,601</u>

Fair value of landfill cell development is assessed by the Corporation's management based on current carrying value, future cost to completion and the expected minimum future cash flow to be generated by the landfill operations. Where cash flow is forecast to be received more than one year in advance it is adjusted for the time value of money using a discount rate of 2.92% (2015: 3.07%:)

For the year ended 30 June 2016 there was no material difference between fair value and the carrying value of the Landfill cell costs.

Fair value of the Corporation's main property assets is estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the management of the Corporation at each reporting date.

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

19. Interests in joint Operation

Jointly controlled assets

The Corporation has entered into a joint operation called Eastern Creek 2 Landfill Gas Joint Venture with LMS Generation Pty Limited to capture gas from landfills and therewith to generate electricity. The Corporation has a 50% participating interest in this joint venture and is entitled to 50% of its output of electricity generated, Australian Carbon Credit Units and Renewable Energy Certificates. The Corporation's interests in the assets employed in the joint venture are included in the balance sheet, in accordance with the accounting policy described in note (c).

	2016	2015
	\$'000	\$'000
Share of Corporation's assets and liabilities		
Current assets	131	25
Non-current assets	3,521	2,941
Total assets	3,652	2,966
Current liabilities	348	73
Total liabilities	348	73
Net assets	3,303	2,893
Share of Corporation's net result		
Expenses	(1,642)	(1,475)
Net result before income tax	(1,642)	(1,475)

Each of the shareholders in Eastern Creek 2 Landfill Gas Joint Venture with LMS Generation Pty Limited is jointly and severally liable for the debts of the company. The assets of the company exceed its debts.

Revenue from the sale of the Corporation's 50% share of the output of the joint venture is disclosed in Note 2;

	2016	2015
	\$'000	\$'000
Sale of Goods and Services		
Electricity and green products	4,262	3,301

Waste Assets Management Corporation

Notes to the Financial Statements for the Year Ended 30 June 2016

20. Economic dependency

The Corporation is dependent upon one counterparty for 98% of its sales revenue (2015: 97%) The Corporations commercial arrangements with the counterparty are controlled by a series of terms sheets. Under the terms sheet the counterparty is obliged to purchase a specified volume of landfill capacity from the Corporation. It is anticipated that the counterparty will purchase most or all of the Corporation's landfill capacity under these terms sheets until the Corporations landfill operations cease when the available landfill capacity is exhausted currently estimated to occur in June 2017.

21. After reporting date events

No other matters or circumstances are known which may affect the operation of the Corporation in future financial years.

[END OF AUDITED FINANCIAL STATEMENTS]



INDEPENDENT AUDITOR'S REPORT

Board of Surveying and Spatial Information

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Board of Surveying and Spatial Information (the Board), which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Board as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (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 those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

I am independent of the Board in accordance with the auditor independence requirements of:

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further 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, but precluding the provision of non-audit services.

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

The Board's Responsibility for the Financial Statements

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

In preparing the financial statements, the members of the Board must assess the Board's ability to continue as a going concern unless the Board will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and 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 further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>.

The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Board carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.



David Nolan
Director, Financial Audit Services

19 October 2016
SYDNEY

BOARD OF SURVEYING AND SPATIAL INFORMATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

STATEMENT BY MEMBERS OF THE BOARD

Pursuant to Section 41C of the *Public Finance and Audit Act 1983* and in accordance with a resolution of the members of the Board of Surveying and Spatial Information, we declare on behalf of the Board that in our opinion:

1. the accompanying financial statements and notes thereto exhibit a true and fair view of the financial position at 30 June 2016 and the financial performance for the year then ended; and
2. the accompanying financial statements and notes thereto have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, and the Treasurer's Directions.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Mary-Ellen Feeney
Board Member, BOSSI

Date: 19/10/2016.



Narelle Underwood
Surveyor General of NSW and President, BOSSI

Date: 19/10/2016



START OF AUDITED FINANCIAL STATEMENTS

BOARD OF SURVEYING AND SPATIAL INFORMATION

Statement of comprehensive income for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Revenue			
Fees revenue	2(a)	565,636	533,720
Interest revenue	2(b)	17,784	25,073
Other revenue	2(c)	85	-
Total Revenue		583,505	558,793
Expenses excluding losses			
Personnel services	3(a)	286,724	333,768
Other operating expenses	3(b)	236,677	191,071
Depreciation	3(c)	2,636	1,698
Total Expenses excluding losses		526,037	526,537
NET RESULT		57,468	32,256
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME / (LOSS)		57,468	32,256

The accompanying notes form part of these financial statements

BOARD OF SURVEYING AND SPATIAL INFORMATION

Statement of financial position as at 30 June 2016

	Notes	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5(a)	745,992	656,931
Receivables	6	14,158	6,865
Total Current Assets		760,150	663,796
Non-Current assets			
Plant and equipment	7	8,397	5,750
Total Non-Current assets		8,397	5,750
TOTAL ASSETS		768,547	669,546
LIABILITIES			
Current Liabilities			
Payables	8	115,256	73,723
Total Current Liabilities		115,256	73,723
Non-Current Liabilities		-	-
TOTAL LIABILITIES		115,256	73,723
NET ASSETS		653,291	595,823
EQUITY			
Accumulated funds		653,291	595,823
TOTAL EQUITY		653,291	595,823

The accompanying notes form part of these financial statements

BOARD OF SURVEYING AND SPATIAL INFORMATION

Statement of changes in equity for the year ended 30 June 2016

	Accumulated Funds \$	Total Equity \$
Balance at 1 July 2015	595,823	595,823
Net result for the year	57,468	52,318
Other comprehensive income	-	-
Total comprehensive income for the year	57,468	52,318
Balance at 30 June 2016	653,291	648,141
Balance at 1 July 2014	563,567	563,567
Net result for the year	32,256	32,256
Other comprehensive income	-	-
Total comprehensive loss for the year	32,256	32,256
Balance at 30 June 2015	595,823	595,823

The accompanying notes form part of these financial statements

BOARD OF SURVEYING AND SPATIAL INFORMATION

Statement of cash flows for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from customers		565,329	537,345
Interest received		14,798	19,714
GST refund		3,049	8,062
Total Receipts		583,176	565,121
Payments			
Payments to suppliers		(488,833)	(482,769)
Total Payments		(488,833)	(482,769)
NET CASH FLOWS FROM OPERATING ACTIVITIES	5(b)	94,343	82,352
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of plant and equipment	7	(5,282)	(6,233)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(5,282)	(6,233)
NET INCREASE / (DECREASE) IN CASH		89,061	76,119
Opening cash and cash equivalents		656,931	580,812
CLOSING CASH AND CASH EQUIVALENTS	5(a)	745,992	656,931

The accompanying notes form part of these financial statements

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting entity

The Board of Surveying and Spatial Information (the Board), is constituted under the *Surveying and Spatial Information Act 2002* to provide for the registration of land and mining surveyors, to regulate the making of surveys and to advise the Government on Spatial Information. The Board is a not-for-profit entity and has no cash generating units.

These financial statements for the year ended 30 June 2016 were authorised for issue by the Board on the 19 October 2016.

The Board of Surveying and Spatial Information registered office address is Panorama Avenue, Bathurst, NSW.

b. Basis of preparation

The Board's financial statements are general purpose financial statements, which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations); and
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015* and Treasurer's Directions.

The financial statements have been prepared on an accrual basis.

All amounts are rounded to the nearest dollar, unless otherwise stated and are expressed in Australian currency.

c. Statement of compliance

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

Effective for the first time in 2015-16

The impact of the first time adopted standards is immaterial. The accounting policies applied in 2015-16 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have been applied for the first time in 2015-16:

- AASB 2015-3 effects the withdrawal of AASB 1031 *Materiality* by amending AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* to supersede AASB 1031 and deletes references to AASB 1031 in the Australian Accounting Standards.

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

c. *Statement of compliance (continued)*

Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Accounting Standards have not been applied and are not yet effective:

- AASB 14 and AASB 2014-1(Part D) regarding Regulatory Deferral Accounts
- AASB 1056 Superannuation Entities
- AASB 2014-3 Amendments to Australian Accounting Standards regarding accounting for acquisitions of interests in joint operations
- AASB 2014-4 Amendments to Australian Accounting Standards regarding acceptable methods of depreciation and amortisation
- AASB 2014-6 Amendments to Australian Accounting Standards regarding agriculture bearer plants
- AASB 2014-9 Amendments to Australian Accounting Standards regarding equity method in separate financial statements
- AASB 2014-10 Amendments to Australian Accounting Standards regarding Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101
- AASB 15 Revenue from Contracts with Customers and 2014-5 Amendments to Australian Accounting Standards arising from AASB 15
- AASB 9, AASB 2010-7 and AASB 2014-7 regarding financial instruments

It is considered that the implementation of these standards will not have a material impact on the Board's financial results.

d. *Significant accounting judgements, estimates and assumptions*

In preparation of the financial statements, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. If a revision affects only the period in which the estimates are revised, it is recognised in that period. If a revision affects both current and future periods, it is recognised in the period of the revision and future periods.

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

e. Revenue recognition

Revenue is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies of income are discussed below:

- (i) Member fees and subscriptions
Registration revenue is recognised once the registration renewal applications and fees are received and the receipt is issued. Invoices are not raised prior to the renewal date as registration renewal is optional and cannot be reliably measured until applications are received.
- (ii) Rendering of services
Revenue is recognised when services such as workshops or training are provided or by stage of completion.
- (iii) Interest revenue
Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

f. Personnel services

The Board has no employees. All the Board's human resources are provided by the Department of Finance, Services & Innovation (the Department) on a fee for services rendered basis. This fee includes all employee related costs including salaries, superannuation, leave entitlements, fringe benefits tax, payroll tax and workers' compensation insurance.

g. Insurance

The Board'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.

h. Accounting for the Goods and Services Tax (GST)

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

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

The net amount of GST recoverable from, or payable to the taxation authority, is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. However, the GST component of cash flows arising from investing activities, are also classified as operating cash flows.

i. Acquisition of assets

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire the asset at the time of its acquisition, or where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

i. Acquisition of assets (continued)

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

j. 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 *Property, Plant and Equipment* and AASB 140 *Investment Property*. Fair value of 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. Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value. The Board has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

k. Capitalisation thresholds

Plant and equipment individually costing \$5,000 and above are capitalised. Individual items of computer equipment costing are capitalised when they form part of a network.

l. 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 plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely given that AASB 136 modifies the recoverable amount test for non-cash generating units 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.

m. Depreciation

Depreciation is provided for on a straight line basis against all depreciable assets, so as to write off the depreciable amount of each asset, as it is consumed over its useful life to the Board.

Depreciation rates:

Plant and equipment	20%
Electronic Data Processing (EDP) equipment	25%

n. 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.

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

o. Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are recognised initially at fair value, usually based on the transaction cost, or face value. Subsequent measurement is at amortised cost using the effective interest method less any 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.

The Board's receivables include interest and GST receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

p. Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due, and is then recognised in the net result for the year. Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. 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.

q. Payables

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

r. Equity

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

s. Comparative information

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

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2016

2. REVENUE

Registration and other fees collected by the Board in accordance with the *Surveying and Spatial Information Act 2002* are retained by the Board to fund their operations. The Board does not receive any funding by way of grants from the Department or the NSW Treasury and its operating expenditure is mainly funded by revenue from registration and other fees.

	2016 \$	2015 \$
a. Fees revenue		
- Annual registration fees	465,207	457,514
- Candidate fees	48,705	37,961
- Examination fees	4,527	24,767
- Registration restoration fees	11,013	5,643
- Miscellaneous fees	36,184	7,835
	565,636	533,720
b. Interest revenue	17,784	25,073
c. Other revenue		
- Court settlement	85	-
	85	-

3. EXPENSES

	2016 \$	2015 \$
a. Personnel services		
- Salaries and wages (including recreation leave)	231,289	257,154
- Long service leave	12,318	28,340
- Superannuation	22,209	23,345
- Workers compensation insurance	3,726	2,670
- Payroll tax and fringe benefit tax	17,182	22,259
	286,724	333,768

The Board is an entity that does not directly employ staff. The Department employs staff on behalf of the Board within its personnel services division. As per the Service Level Agreement regarding Personnel Services, expenses relating to these employees are incurred by the Department and reimbursed by the Board on a monthly basis. The above table details the Department's employee expenses that are reimbursed by the Board. Refer Note 1(f).

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2016

3. EXPENSES (*continued*)

	2016 \$	2015 \$
b. Other operating expenses		
- Audit fees (audit of financial statements)	11,500	11,250
- Board/committee member fees	33,158	26,440
- Other fees	62,327	56,345
- Catering and venue hire	21,404	10,757
- Bank charges	3,768	2,953
- Bad debts expenses	-	(1,920)
- Administration fee ¹	50,000	50,000
- Maintenance ²	-	256
- Postage, telephone and courier	5,213	1,797
- Stores and stationery	3,209	7,812
- Sponsorships	2,500	2,500
- Contractors	21,513	1,511
- Travel and subsistence	22,085	21,370
	236,677	191,071

¹ Administration fee expense is Corporate Support by Land and Property Information for the Board of Surveying and Spatial Information which includes: Employee services, Financial services, Information and Communications Technology services, Accommodation, Transport and Enterprise Resource Planning.

² All maintenance expenses are incurred by the Board. There are no personnel services related maintenance expenses.

c. Depreciation

- EDP equipment	2,636	1,698
	2,636	1,698

4. BOARD MEMBER FEES

Board members received \$21,630 (2015 - \$21,630) as board fees. In addition Board members received \$11,528 (2015 - \$4,810) as payment for acting as examiner. Other Board related activities are included under other fees. Travelling and accommodation expenses incurred in connection with the Board's operations are included under travel and subsistence.

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2016

5. CASH AND CASH EQUIVALENTS

a. *Cash and cash equivalents*

	2016 \$	2015 \$
Cash at bank and on hand	745,992	656,931
	745,992	656,931

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

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 as follows:

	2016 \$	2015 \$
Cash and cash equivalents (per statement of financial position)	745,992	656,931
Closing cash and cash equivalents (per statement of cash flows)	745,992	656,931

Refer to Note 11 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

b. *Reconciliation of Net Cash Flows from Operating Activities to Net Result*

	2016 \$	2015 \$
Net cash flows from operating activities	94,343	82,352
Depreciation	(2,636)	(1,698)
Changes in operating assets and liabilities		
Increase/(decrease) in trade and other receivables	7,293	2,496
(Increase)/decrease in trade and other payables	(41,532)	(50,894)
Net result	57,468	32,256

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2016

6. RECEIVABLES

	2016 \$	2015 \$
Interest receivable	8,345	5,359
GST receivable	5,813	1,506
	14,158	6,865
Movement in the allowance for impairment		
Balance at 1 July	-	1,920
Increase/(decrease) in allowance recognised in profit or loss	-	(1,920)
Balance at 30 June	-	-

7. PLANT AND EQUIPMENT

	Plant and Equipment \$	EDP Equipment \$	Total \$
At 1 July 2015 – fair value			
Gross carrying amount	8,181	29,377	37,558
Accumulated depreciation	(8,181)	(23,627)	(31,808)
Net carrying amount	-	5,750	5,750
At 30 June 2016 – fair value			
Gross carrying amount	8,181	29,693	37,874
Accumulated depreciation	(8,181)	(21,296)	(29,477)
Net carrying amount	-	8,397	8,397

Reconciliation

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

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2016

7. PLANT AND EQUIPMENT *(continued)*

	Plant and Equipment \$	EDP Equipment \$	Total \$
Year ended 30 June 2016			
Net carrying amount at start of year	-	5,750	5,750
Additions	-	5,283	5,283
Depreciation expense	-	(2,636)	(2,636)
Net carrying amount at end of year		8,397	8,397
	Plant and Equipment \$	EDP Equipment \$	Total \$
At 1 July 2014 – fair value			
Gross carrying amount	8,181	34,726	42,907
Accumulated depreciation	(8,181)	(33,511)	(41,692)
Net carrying amount	-	1,215	1,215
At 30 June 2015 – fair value			
Gross carrying amount	8,181	29,377	37,558
Accumulated depreciation	(8,181)	(23,627)	(31,808)
Net carrying amount	-	5,750	5,750

Reconciliation

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

	Plant and Equipment \$	EDP Equipment \$	Total \$
Year ended 30 June 2015			
Net carrying amount at start of year	-	1,215	1,215
Additions	-	6,233	6,233
Depreciation expense	-	(1,698)	(1,698)
Net carrying amount at end of year	-	5,750	5,750

Fair value measurement

The Board's plant and equipment are measured at depreciated historical cost as an approximation of fair value.

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2016

8. PAYABLES

	2016 \$	2015 \$
- Accrued expenses	13,813	5,665
- Personnel services	50,175	54,871
- GST clearing	(732)	-
- Pool vehicle charges	-	299
- Other creditors	52,000	12,888
	<u>115,256</u>	<u>73,723</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 11.

9. COMMITMENTS FOR EXPENDITURE

a. *Capital commitments*

As at 30 June 2016, there were no capital commitments (2015 - nil).

b. *Operating lease commitments*

As at 30 June 2016, there were no operating lease commitments (2015 - nil).

c. *Finance lease commitments*

As at 30 June 2016, there were no finance lease commitments (2015 - nil).

10. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 30 June 2016, there were no contingent assets or contingent liabilities (2015 - nil).

11. FINANCIAL INSTRUMENTS

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

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

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2016

11. FINANCIAL INSTRUMENTS (*continued*)

The Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Board, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the internal auditors on a continuous basis.

a. Financial instrument categories

Class:	Note	Category	2016 \$ Carrying amount	2015 \$ Carrying amount
Financial assets				
Cash and cash equivalents	5(a)	Cash at Bank	745,992	656,931
Receivables ¹	6	Loans and receivables (at amortised cost)	8,345	5,359
Financial liabilities				
Payables ²	8	Financial liabilities measured at amortised cost	115,256	73,723

Notes:

1. Excludes statutory receivables and prepayments (ie. not within scope of AASB 7)
2. Excludes statutory payables and prepaid enrolment fees (ie. not within scope of AASB 7).

b. Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Board. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets.

Credit risk arises from the financial assets of the Board, including cash and receivables. No collateral is held by the Board. The Board has not granted any financial guarantees. Credit risk associated with the Board's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Cash and cash equivalent

Cash comprises cash at bank and cash on hand and is considered to be at fair value.

Receivables

The interest receivable is recognised at fair value, usually based on the transaction cost or face value. The Board is not exposed to credit risk to trade debtors. The credit risk is the carrying amount.

The Board is not materially exposed to concentrations of credit risk from a single trade debtor or group of debtors. Based on past experience, debtors that are not past due and not more than 90 days past due are not considered impaired.

c. Liquidity risk

Liquidity risk is the risk that the Board will be unable to meet its payment obligations when they fall due. The Board 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 loans and other advances.

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2016

11. FINANCIAL INSTRUMENTS *(continued)*

c. Liquidity risk (continued)

During the current and prior years, there were no defaults of loans payable. No assets have been pledged as collateral. The Board's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction NSW TC 11/12. For small business suppliers, where terms are not specified, payment is not made later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, 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 (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest.

The following table summarises the maturity profile of the Board's financial liabilities, together with the interest rate exposure.

			Interest Rate Exposure			Maturity Dates		
	Weighted Average Effective Interest Rate %	Nominal Amount \$	Fixed Interest Rate %	Variable interest Rate %	Non-Interest Bearing %	< 1 Year \$	1 – 5 Years \$	> 5 Years \$
2016								
Payables	-	115,256	-	-	-	115,256	-	-
Total financial liabilities 2016	-	115,256	-	-	-	115,256	-	-
2015								
Payables	-	73,723	-	-	-	73,723	-	-
Total financial liabilities 2015	-	73,723	-	-	-	73,723	-	-

Notes:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. The tables include both interest and principal cash flows.

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 Board has no exposure to foreign currency risk and does not enter into commodity contracts.

BOARD OF SURVEYING AND SPATIAL INFORMATION

Notes to the Financial Statements for the year ended 30 June 2016

11. FINANCIAL INSTRUMENTS *(continued)*

e. Interest rate risk

Exposure to interest rate risk arises primarily through cash facilities. The Board has no direct equity investments.

A reasonable possible change of +/- 0.5% is used, based on management's judgement. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Board's exposure to interest risk is set out below.

	Carrying Amount \$	-0.5%		+0.5%	
		Profit \$	Equity \$	Profit \$	Equity \$
2016					
Cash and cash equivalents	745,992	(3,730)	(3,730)	3,730	3,730
2015					
Cash and cash equivalents	656,931	(3,285)	(3,285)	3,285	3,285

f. Fair value compared to carrying amount

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the Statement of Financial Position approximates the fair value because of the short-term nature of the financial instruments.

12. AFTER BALANCE DATE EVENTS

There are no after balance date events.

END OF AUDITED FINANCIAL STATEMENTS

Compliance checklist

Compliance requirement	Section in the annual report	Page
Access	Appendix 6.22 Access to Department of Finance, Services and Innovation and related entities offices	152
Additional matters for inclusion in annual report:		
<i>Privacy and Personal Information Protection Act 1998 (PPIPA)</i>	4 Corporate Governance – Accessing Department of Finance, Services and Innovation information	54
Annual report production cost and availability	Appendix 6.2 Annual report preparation	99
Aims and objectives	3 Corporate performance - Strategic priorities	48
	1 About Finance, Services and Innovation - What we do	14
Budgets	2 Highlights and achievements - Financial highlights	45
Charter	1 About Finance, Services and Innovation - Who we are	12
	Appendix 6.13 Legislation administered	126
Consultants	Appendix 6.3 Consultants	99
Consumer response	Appendix 6.4 Consumer response	101
Credit card certification	Appendix 6.5 Corporate credit card use	106
Digital information security policy attestation	Appendix 6.18 Risk management, attestation and insurance activities	142
Disability plans	Appendix 6.7 Diversity and inclusion policies and services	109
Disclosure of controlled entities	Appendix 6.6 Disclosure of controlled entities	106
Funds granted to non-government community organisations	Appendix 6.10 Funds granted to non-government community organisations	114
<i>Government Information (Public Access) Act 2009</i>	4 Corporate Governance – Accessing Department of Finance, Services and Innovation information	54
	Appendix 6.11 Government Information (Public Access) statistics	123
Human resources	Appendix 6.7 Diversity and inclusion policies and services	109
	Appendix 6.8 Employment and senior executives statistics	110
	Appendix 6.9 Employment relations policies and practices	113
Identification of audited financial statements	7 Financial statements	154
Implementation of price determination	5.6 Valuer General's report	85
Internal audit and risk management policy attestation	4 Corporate governance – Internal audit and risk management	53
	Appendix 6.18 Risk management, attestation and insurance activities	140

Compliance requirement	Section in the annual report	Page
Land disposal	Appendix 6.12 Land disposal	126
Legal change	Appendix 6.14 Legislative changes	130
	Appendix 6.19 Significant judicial decisions	143
Letter of submission	Letter of submission	
Liability management performance	Not applicable	
Management and activities	2 Highlights and achievements	21
	3 Corporate performance – Management	48
	4 Corporate governance	53
Management and structure	1 About Finance, Services and Innovation	12
Multicultural policies and services program (formerly EAPS)	Appendix 6.7 Diversity and inclusion policies and services	106
Occupational health and safety	Appendix 6.21 Work health and safety and injury management	148
Payment of accounts	Appendix 6.1 Accounts payable performance	98
Performance and numbers of executive officers	Appendix 6.8 Employment and senior executives statistics	110
Promotion	Appendix 6.15 Overseas travel	136
Public interest disclosures	Appendix 6.16 Public interest disclosures	138
Requirements arising from employment arrangements	4 Corporate governance	53
	Appendix 6.8 Employment and senior executives statistics	110
	Appendix 6.7 Diversity and inclusion policies and services	106
Research and development	Appendix 6.17 Research and development	139
Risk management and insurance activities	4 Corporate governance	53
	Appendix 6.18 Risk management, attestation and insurance activities	140
Summary review of operations	2 Highlights and achievements	21
	3 Corporate performance – Management	48
	3 Corporate performance – Performance review	50
Waste	Appendix 6.20 Waste reduction and purchasing policy	148
Workforce diversity	Appendix 6.7 Diversity and inclusion policies and services	109

Index

About the Department of Finance, Services and Innovation	12
Access to offices of the Department of Finance, Services and Innovation	152
Annual report preparation	99
Audit and compliance	53
Better Regulation	14
Board of Surveying and Spatial Information report	91
Consultants	99
Consumer response	101
Corporate credit card use	106
Corporate governance	53
Corporate performance	48
Disability action plan	109
Disclosure of controlled entities	106
Diversity and inclusion policies and services	106
Employment relations policies and practices	113
Employment and senior executive statistics	110
Financial highlights	45
Financial statements	155
Funds granted to non-government community organisations	114
Geographical Names Board of NSW report	69
Government and Corporate Services	15
Government Information (Public Access)	54
Government Information (Public Access) statistics	123
Highlights and achievements	21
ICT and Digital Government	15
Implementation of price determination (see Valuer General's report)	85
Land disposal	126
Land and Property Information	15
Legislation administered	126
Legislative changes	130
Multicultural policies and services program	106
NSW Fair Trading	14

NSW Procurement Board report	56
NSW Public Works	16
Office of the Secretary	16
Office of State Revenue	16
Organisation chart	20
Overseas travel	136
Payment of accounts	98
Performance review	50
Principal officers	17
Privacy and Personal Information Protection	55
Property and Housing Group	15
Public interest disclosure	138
Registrar General's report	66
Related entities reports	56
Research and development	139
Risk management and insurance activities	140
SafeWork NSW	14
Secretary's message	9
Significant judicial decisions	143
Strategic priorities	48
Surveyor General's report	68
Valuer General report, Office of the	74
Waste Assets Management Corporation annual report	60
Waste reduction and purchasing policy	148
Workforce diversity	109
Work health and safety and injury management	148

More information

Corporate Affairs
Department of Finance, Services and Innovation



Level 22, 2-24 Rawson Place, Sydney NSW 2000



corporateaffairs@finance.nsw.gov.au

www.finance.nsw.gov.au